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THE WEATHER — PARIS: Tuesday, variable with showers. Temp. 31-11 (46-52). LONDON: Tuesday, cloudy. Temp. 48 (44-48). CHAMPEL: Tuesday, variable with showers. Temp. 31-11 (46-52). NEW YORK: Tuesday, cloudy. Temp. 31-11 (46-52).

ADDITIONAL WEATHER DATA — PAGE 15

No. 30,754

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Allen Quits as Adviser After Talk With Reagan

WASHINGTON — Richard V. Allen resigned Monday as President Reagan's national security adviser, the White House announced. Mr. Allen is expected to be replaced by William F. Clark, the deputy secretary of state.

Mr. Allen, who had been under investigation for possible ethics violations, conferred with Mr. Reagan in the Oval Office earlier Monday after meeting with Edwin Meese, 3d, the presidential counselor, to request a session with the president to defend himself.

The Oval Office session occurred after Mr. Reagan reviewed a "very thorough" study of Mr. Allen's conduct in office. The study was prepared by a member of the White House legal staff.

The study, the only apparent roadblock to Mr. Allen's dismissal, was finished Sunday and delivered to White House chief of staff James A. Baker 3d, according to Larry Speakes, the deputy press secretary.

Mr. Allen went on administrative leave on Nov. 29 after an inquiry began into disclosures that he had accepted \$1,000 from Japanese journalists who interviewed Nancy Reagan in the White House last January. A Justice Department investigation cleared Mr. Allen of criminal misconduct.

Sources said the role and functions of the national security adviser would be upgraded under Mr. Clark.

A few weeks ago, according to White House officials, Mr. Meese



Richard V. Allen

change that would be the first major personnel and management shift in his administration.

"Now Baker, Deaver and Meese will turn their attention to foreign policy issues only when they're ready for the president," said a White House aide. "Up to now, they've had to keep track of everything in the system. Using Ed Meese or Mike Deaver to make sure that all sorts of issue papers are developed has just not been a good use of their time."

Also implicit in the reported choice of Mr. Clark is that a consensus has emerged that Mr. Allen was a poor administrator. According to key aides, Mr. Baker and Mr. Deaver became convinced of this some time ago by Mr. Allen's disputes with Secretary of State Alexander M. Haig Jr. and by what they felt was his misreading of the Senate last fall in the effort to win approval of the sale of air surveillance equipment to Saudi Arabia.

Mr. Allen's problems with the Justice Department, which also cleared him of wrongdoing in accepting three wristwatches from Japanese associates, simply provided fresh material for Mr. Allen's critics to question his judgment. But the critics acknowledged that Mr. Allen had one asset that Mr. Clark did not have: experience in foreign policy matters. Mr. Clark, a former California judge and a close friend of Mr. Reagan's, acknowledged his lack of experience in Senate confirmation hearings last February.

was opposed to upgrading the post of national security adviser and having him report directly to Mr. Reagan. This would make the adviser a virtual equal to Mr. Meese and the two other highest-ranking White House advisers, Mr. Baker and Michael Deaver. Under the existing structure, the national security adviser has reported to Mr. Meese.

Mr. Meese later changed his mind, the officials said. As a result, they said, Mr. Reagan plans a

FBI Has Not Confirmed Presence Of Any Libyan 'Hit Squad' in U.S.

By William Chapman

Washington Post Service

WASHINGTON — If a Libyan "hit squad" entered the United States, the FBI has never confirmed it, according to bureau director William H. Webster.

Mr. Webster was asked if the reports of such a hit squad, supposedly assigned to assassinate President Reagan or other high-level U.S. officials, could have been planted to put the government "into a tizzy" or even make it "look somewhat silly." He replied, "That's always a possibility."

But the FBI director said Sunday in a television interview that bureau investigators "certainly had enough information and continue to receive enough information to require us to take appropriate investigative steps, and we will continue to do that." Publicity about the supposed threats, he added, made the job harder.

The story of the Libyan death plot is receding from the headlines, and the FBI's work may be getting easier. But within the government and on Capitol Hill there is a trail of uneasiness.

Key among them are suspicions that reports of the plot were publicized by some in the administration as part of an impromptu anti-Libyan offensive. Some officials and members of Congress feel that the publicity diverted attention from a proven threat — Libya's destabilization of countries friendly to the United States.

Concern Justified

Interviews with officials and lawmakers who received privileged briefings turned up a consensus of feeling that the White House was justifiably concerned over the intelligence reports of a Libyan-trained hit squad supposedly bound for the United States to kill the president or other high officials.

Beyond that, however, there was much disagreement. Some felt the evidence did not justify highly visible security precautions such as anti-sniper teams on the White House roof and decoy limousines in Washington.

One of the more critical voices came from within the administration, where complaints are heard that the White House countenanced or inspired a high-pressure campaign that distorted the real Libyan danger in the U.S.

"We are very chagrined over the hype that was put on this by some inside the government," said a high-level administration source. "We became the victims of our own ineptitude."

The official said he felt the episode could have damaged a long-term effort to enlist the support of European allies in a campaign to curb Libyan leader Moammar Qadhafi's attempted subversion of neighboring countries.

Policy Analysis

Ironically, a State Department study on Libya had just been presented to the White House when the story of the death plot came out in late November. That policy analysis paid little attention to the reported hit squad, concentrating on Col. Qadhafi's threats to neighbors such as Sudan, Chad and, ultimately, Saudi Arabia. It also envisioned some action by the United States and its allies.

Instead of those documented

Saudis Deny Readiness To Recognize Israelis

BAHRAIN — Saudi Arabia has officially denied published remarks attributed to its foreign minister, Prince Saud al-Faisal, that the kingdom is prepared to recognize Israel under certain conditions.

"There is absolutely no truth in what has been attributed to (Prince Saud) about the kingdom's recognition of Israel," the Saudi Arabian Foreign Ministry said Sunday night.

The New York Times quoted Prince Saud as saying in an interview last Wednesday that if Israel returned occupied Arab lands and recognized Palestinian rights, Saudi Arabia would be prepared to "accept it" — meaning Israel.

The Saudi statement, carried by the Saudi Arabian news agency said, "The prince in his interview had stressed the primary need for

Israeli recognition of legitimate Palestinian rights and the Palestinian right of setting up a state on their usurped lands."

"The important point in Prince Saud's statement concerned Israel's recognition of Palestinian rights and withdrawal from occupied Arab lands. Response to these two legitimate conditions could bring peace to the area," it added.

Last August, Saudi Arabian Crown Prince Fahd announced an eight-point Middle East peace plan, the seventh point of which offers implicit recognition of Israel.

But Saudi Arabian leaders have carefully avoided being explicit about the seventh point.

Radical Arabs have opposed the plan because of the seventh point, which also caused the breakup of an Arab summit conference in Morocco in November.

INSIDE

Nuclear Limits

President Reagan's victory string on Capitol Hill was capped by congressional approval of his foreign aid bills, but in one important domain, that involving the spread of nuclear weapons, Congress not only refused to remove existing restrictions but also strengthened controls. A news analysis, Page 2.

Hello, Malcolm

President Reagan reportedly wants Commerce Secretary Malcolm Baldrige to become another Cabinet voice in nuclear weapons policy-making, in addition to Defense Secretary Weinberger, Page 3.

Goodbye, Dmitri

One of the least known of Washington's important people is expected to leave this month after a six-year assignment. Few know his name; he is Dmitri I. Yakushkin. Most sources agree he is head of U.S. operations for the KGB. Page 3.

In Nicaragua, Fears Lead to Virtual War Footing

By Warren Hoge

New York Times Service

GUASALE, Nicaragua — The bullet holes stitched into the sides of buildings at this border crossing into Honduras are not like those in so many parts of Nicaragua, traces of an old war. The Sandinista leaders say they fear they are the precursors of a new one.

Stepped-up attacks along the frontier by those presumed to be exiles bent on retaking Nicaragua are cited by the revolutionary government as one of the reasons for putting the country on a virtual war footing.

Almost every office in the capital city of Managua seems to have a desk vacated by someone away for two weeks of militia training. Communities across the country have set aside sports fields and civic plazas for evening drills.

"We are too poor to build a tremendous army, so we are trying to create a system where people are constantly passing in and out of the military," said Capt. Roberto Sanchez, the spokesman for the army. "It is not the size, but the morale and combat-readiness of our citizens that matters."

Memories of Past

Critics of the government once charged that the constant reminders of past "Yanqui" occupations of Nicaragua and summons to military preparedness against the threat of invaders were only designed to supplant the fading memory of Anastasio



Foreign Ministers Max van der Stoep of the Netherlands, left, Claude Cheysson of France, Hans-Dietrich Genscher of West Germany and Leo Tindemans of Belgium at Brussels meeting.

EEC Ministers Warn Soviet Bloc, But Do Not Endorse U.S. Sanctions

From Agency Dispatches

BRUSSELS — Foreign ministers of the European Economic Community warned Soviet-bloc countries Monday not to intervene in Poland, but held back from endorsing U.S. sanctions against Moscow.

The ministers of the EEC's 10 member states said in a communiqué after a day of talks:

"This already serious situation would be further worsened if there should be an overt intervention by the Warsaw Pact. For this reason the 10 wish to address a solemn warning against any such intervention."

Belgian Foreign Minister Leo Tindemans, chairman of the EEC Council of Ministers, said: "Europe will do nothing in any area that might undermine U.S. actions since the military crackdown began in Poland on Dec. 13."

President Reagan barred high-technology exports and imposed other economic sanctions against Moscow last week, charging that Soviet leaders had instigated the Polish crackdown.

West German Chancellor Helmut Schmidt, who has expressed doubts about the value of West European sanctions, will meet Mr. Reagan in Washington on Tuesday, and the issue will be reviewed by NATO ministers in Brussels next Monday.

Mr. Tindemans said after the meeting that the EEC would continue to monitor the situation in Poland before making a final decision on joint actions.

He said that, during their meeting, the ministers received what he termed a "tragic" report of a meeting in Warsaw on Monday between ambassadors from EEC countries and the Polish premier, Gen. Wojciech Jaruzelski.

He declined to explain why he used the word "tragic." Dutch Foreign Minister Max van der Stoep said he was pessimistic about the Warsaw meeting because there appeared to be little movement by the Polish authorities toward lifting martial law.

Mr. Tindemans said that among the proposals discussed at the meeting were removal of financial credits and food aid to Poland, the sending of an EEC embassy to Poland to urge relaxation of military rule, and trade restrictions such as those imposed against the Soviet Union by President Reagan last week.

Italian Foreign Minister Emilio Colombo said that financial aid to

Poland should be cut until the martial law regime in Warsaw guarantees an end to repression.

Lord Carrington, Britain's foreign secretary, said humanitarian aid for Poland, such as medicine, would continue, but that decisions on credit, economic assistance and further food aid would depend on how the situation develops.

In a joint communiqué, the ministers said they noted "the economic measures taken by the United States government with regard to the Soviet Union." They added:

"The 10 will undertake in this context close and positive consultations with the U.S. government in order to define what decisions will best serve their common objectives and to avoid any step which could compromise their respective actions."

The EEC countries, for the first time as a group, also acknowledged that they believe the Polish situation was affected by "serious external pressure and the campaign directed by the Soviet Union and other Eastern European countries against the efforts for renewal in Poland."

Mr. Tindemans said the aim of all EEC activities on the Polish issue is to bring about abolition of military rule, release of political prisoners and a resumption of the dialogue between the government, the Roman Catholic Church and the independent trade union Solidarity.

The ministers said the declaration of martial law in Poland constituted a violation of the Helsinki human rights agreements. They said they would seek "as soon as possible" a discussion of the violations at the East-West conference in Madrid that is reviewing the Helsinki agreements.

"The 10 utterly disapprove of the development of the situation in Poland. They have noted the declarations of the Polish leadership of its intention to maintain national independence and to re-establish in the near future liberty and the process of reform as well as resumption of the dialogue between the government, the Roman Catholic Church and the independent trade union Solidarity."

U.K. Ford Strike Put Off

Reuters

LONDON — Negotiators for Ford Motor Co. Ltd.'s 34,000 manual workers decided to suspend the strike planned for Tuesday so that meetings can be called to consider a revised management offer, a Transport and General Workers Union official said.

The ruling Provisional National

Defense Council, led by former Air Force Lt. Jerry J. Rawlings, told the deposed government officials on Sunday to surrender for their own safety. At least 27 officials, including four former Cabinet ministers, have turned themselves in, Accra radio said Monday. The council, which has been

running the dialogue with the various elements of the Polish nation," the communiqué said.

"Unhappily, the 10 must note today that, contrary to these declarations, what has taken place has not been dialogue but repression, bringing in its train violations of the most elementary human and citizens' rights."

For Wary Polish Regime, Buying Knapsack a Crime

United Press International

VIENNA — Purchase of a knapsack is a criminal offense under Poland's martial law regulations, according to reports reaching the West. In order to hinder any organized resistance to the martial law regime, authorities also have banned the sale of tents, blankets, sleeping bags, shoulder bags, school notebooks, typing paper and writing paper.

The bans evidently are aimed at efforts by the remnants of the Solidarity union to form an underground organization to coordinate resistance to the regime.

Knapsacks are banned because Solidarity couriers use them to transport batches of their clandestine newsletters. One recent news bulletin from Solidarity urged all Poles who owned knapsacks to wear them, so that security officials would have greater difficulty finding the union's messengers.

Duplicating machines and other supplies that Solidarity uses are forbidden under martial law rules, which have outlawed all operations by the union. But recent reports from Poland indicate that Solidarity has retained some of its printing equipment.

Ghana Reports Former President Is Arrested at Police Checkpoint

From Agency Dispatches

ABIDJAN, Ivory Coast — The military rulers of Ghana on Monday arrested Hilla Limann, the president who was overthrown in a coup Thursday night, Accra radio reported.

Monitored in Abidjan, the broadcast said that Mr. Limann was detained at a police barrier on the outskirts of Koforidua near the capital. Three persons identified as bodyguards were arrested at the same time.

The ruling Provisional National Defense Council, led by former Air Force Lt. Jerry J. Rawlings, told the deposed government officials on Sunday to surrender for their own safety. At least 27 officials, including four former Cabinet ministers, have turned themselves in, Accra radio said Monday. The council, which has been

running Ghana since the coup, gave remaining officials until Monday afternoon to do likewise.

The radio also said that officials of the Ghana Broadcasting Corp., the Ghana news agency and the country's newspapers were to report to the council on Monday.

On Monday, the military rulers froze bank accounts belonging to 129 officials of the ousted government, the radio said. They included those of Mr. Limann, Vice President William deGraft Johnson, all members of parliament and former ministers and officials of Mr. Limann's People's National Party.

A report from a locally based journalist, read and approved by military authorities who are controlling the flow of information in and out of the country, said that resistance had been put down and

that not more than 10 persons had been killed in the coup. A military spokesman said most of the victims were soldiers from outside Accra who thought the country was being invaded.

The country's borders remained closed, but occasional traffic was said to be getting through.

"Holy War"

Mr. Rawlings on Saturday suspended Ghana's constitution, dismissed Mr. Limann and his government, dissolved parliament and banned all political parties, saying that the Provisional National Defense Council was the sole administrative body in the country.

He has promised a "holy war" against corruption and has charged the Limann government with denying basic human rights during its two-year rule. He called Mr. Limann's government the most disgraceful government in the history of Ghana, saying that it had paved the way for greed and corruption.

Mr. Rawlings, the 34-year-old son of a Scottish soldier and a Ghanaian mother, is leading his second successful coup and Ghana's sixth since it became the first black African colony to gain independence 25 years ago.

He deposed the military government of Lt. Gen. Frederick Akuffo in June, 1979, executed him and other former leaders on grounds of corruption, then surrendered power to the constitutionally elected Limann government in September of that year.

French Defense Official Set to Begin U.S. Tour

The Associated Press

PARIS — Defense Minister Charles Hernu of France will arrive in the United States on Wednesday for a weeklong tour of military installations and meetings with U.S. defense and foreign affairs officials, the French Defense Ministry said Monday.

The French and American officials are expected to discuss "world trouble spots" and the possibility of expanding the two countries' limited cooperation on research and development of military equipment, French officials said.

According to Western sources, the army has 23,000 troops, and an additional 60,000 civilians have been trained in militias and reserve battalions. The army uses Soviet AK-47 and AKM rifles, while the reserves are trained with American M-16s and Belgian FALs.

There are reported to be 1,500 Cuban military advisers and an unknown but far smaller number of Soviet helicopter pilots, technicians and armor specialists assisting in Nicaragua. There are also about 25 Soviet tanks. East Germany sent the army 800 troop transport trucks and aides to help the police and state security forces.

Capt. Sanchez would not comment on these details, but said: "We asked the Americans for hospitals and arms, and they said no. The Russians gave us aid with no conditions."

U.S. Congress Succeeds In Tightening Rules on Nuclear Arms Spread

By Judith Miller
New York Times Service
WASHINGTON — President Reagan's impressive string of victories on Capitol Hill was capped last month by congressional approval of his foreign aid bill, which contained several of his most urgent requests for greater flexibility in foreign affairs.

NEWS ANALYSIS

But in one important domain, that involving the spread of nuclear weapons, Congress not only refused to remove existing restrictions but also strengthened controls in the financing laws.

"The new nonproliferation measures significantly strengthen the nation's commitment to stopping the spread of atomic weapons and related technology to nonweapon states," said Sen. John Glenn, Democrat of Ohio, who is a member of the House-Senate conference that worked out details of the new provisions.

"We've made it clear that nuclear nonproliferation is a national, rather than a purely presidential concern," said Rep. Stephen J. Solarz, Democrat of New York, who is also a member of the conference.

In the realm of foreign policy, nuclear nonproliferation has rarely seized the attention of large numbers of Democrats or Republicans on Capitol Hill. But a small bipartisan group has come to view stopping the spread of nuclear weapons as a high priority. In the hurried closing days of the congressional session, they were able to tie the future U.S. economic and military aid even more firmly to nuclear development abroad.

Indeed, the flurry of new nonproliferation provisions testifies to the influence that a few deeply concerned legislators and their staffs can have if they are willing to immerse themselves in the details of specialized policy issues.

Mrs. Marcos Calls Feud on Marriage Threat to Integrity

MANILA — Imelda R. Marcos, wife of the president, said Monday that the controversy erupting over an apparent kidnapping of a man who secretly married her daughter in the United States threatens the integrity of her family and the credibility of the Marcos government.

Tommy Manotoc, a 32-year-old sportsman, disappeared last Tuesday. His family has accused President Ferdinand E. Marcos and his wife, who did not recognize the marriage, of involvement in what authorities believe was an abduction.

Mrs. Marcos said she was convinced that the kidnapping was a plot by political opponents because the Manotocs are related to three prominent Philippine opposition leaders — two of whom are exiled in the United States and another who was accused in an alleged plot to assassinate Mr. Marcos a year ago. Mr. Manotoc's death, she said, would be "traumatic" for her daughter.

Court records in Arlington, Va., confirm that Mr. Manotoc was married to the Marcos' eldest daughter, Imee, there last month, although questions have been raised about the validity of Mr. Manotoc's divorce from a previous wife.

SALES
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International Restaurant Guide

FRANCE
PARIS - RIGHT BANK
L'EUROPEEN Facing Gare de Lyon, 243-99.70. Daily from 11 a.m. to 2 a.m.
Cyprien, sousterrain, TRADITIONAL CUISINE.
18800 St. Pierre, Daily except Sat. Lunch, 12:30-2:30 p.m. 7 a.m. to 10:15 p.m. About 1.120.23 Fr. Le Pétrole: 770.68.08. Oyster table.
PARIS - LEFT BANK
ASSIETTE AU BEURRE 11 Rue St-Benoît/79, St-Germain-des-Prés, 260.87.41.
Menu of Fr. 35,50 & Fr. 48 & serv. Daily all night.
GREECE
ATHENS/PSYCHICO
16, D. Vasilou, New Psychico (4 km. north of Athens), Greek food, charcoal grill, fish, Taverna. Daily 8:15 p.m.-2 a.m. Closed Sun. Tel. 671.9997.
DIOSCURI

Papandreou Sets Reforms In Economy

State Banks May Run Troubled Companies

ATHENS — Socialist Premier Andreas Papandreou has announced sweeping economic measures designed to help the ailing Greek economy, but says his administration will not nationalize key industries.

Troubled industries considered not worth saving through injections of new capital would either be forced to close or face a takeover by state-controlled banks.

He said major industries not under state control would be assisted in management areas and economically to conform with his government's policies.

Mr. Papandreou was swept into power in October on a platform of socializing — major private industries. He also promised widespread reforms in the social field and a more independent foreign policy, along the lines of that of the new French Socialist government.

In a nationally televised address, Mr. Papandreou emphasized that his government welcomed foreign investment and private enterprise "as long as these were in the national interest."

He said foreign investments to be encouraged under the new economic reforms are those that "created new jobs, protected the environment, promoted exports and brought in new technology."

Touching on the lower income groups, Mr. Papandreou said his government would further ease their financial burden by readjusting the income tax scale.

The government appointed Monday new heads of the army, navy and air force and a new chief of general defense staff as part of an annual review of the country's military leaders, Reuters reported.

After a meeting of the Supreme Defense Council, presided over by Mr. Papandreou, who is also defense minister, it was announced that Adm. Theodoros Deyanalis was appointed chief of the general defense staff, replacing Gen. Agapostolos Gratsios, who was retired. Adm. Deyanalis was previously head of the navy.

Warsaw Says Work Starts

(Continued from Page 1)

hunger strike in protest against bad conditions.

Articles in Trybuna Ludu and the armed forces newspaper Zolnier Wolnosci also said that there could be no place in a Socialist system for Solidarity in the form it took before Dec. 13, when the military government took power and banned all unions.

But the newspapers, quoted by Warsaw radio, added that there was certainly room for a union acting according to Solidarity's statutes and observing its principles. The newspaper said that it was difficult to answer the question: "Whether and under what conditions it is possible to form Solidarity in the future?"

It said that the main factors to be considered were that the Communist Party was responsible for all that had happened in Poland, that the self-managing and independent trade union movement was created by the will of the working class and that Solidarity was being built in a true and not a simulated struggle.

Trybuna Ludu said that the struggle for Solidarity was not over, and that the opponent in the struggle remained "the anti-Socialist political opposition."

Doubts on Economy
WARSAW (Reuters) — Despite claims by the military government that Poland's economy is returning to normal, independent observers here said Monday that industrial production was still only at 50 to 60 percent of capacity.

A commercial attaché at a Western embassy calculated that material loss has cost Poland between \$50 million and \$100 million a day in lost production since the military seized power three weeks ago.

The observers attributed some of the losses in production to external factors, notably the shortage of raw materials, spare parts and technical assistance from the West.

In Zurich, Poland's Western bank creditors without any direct word from Warsaw since before Christmas, said Monday that they could not confirm a report that Poland had found funds to pay overdue interest on their debts.

A report Sunday from Vienna, quoting Western sources in Warsaw, said that Poland had found the \$350 million it needed, apparently from within the Soviet bloc.

With credits drying up as Poland faced default on \$16 billion it owes Western commercial banks, Western diplomats said that some sectors of industry would be devastated.

"With virtually no credits now from the West, Poland's industry is going to fall on itself," a diplomat said.

New Egyptian Cabinet Sworn In; Economy, Security Top Priorities

CAIRO — President Hosni Mubarak on Monday swore in Premier Fuad Mohamed and 33 members of a new Cabinet that will concentrate on boosting Egypt's economy and tightening internal security.

Mr. Mohamed, 55, a politician and radiologist, formed the Cabinet Sunday, one day after being designated premier by Mr. Mubarak. Mr. Mohamed was first deputy premier in the outgoing Cabinet which Mr. Mubarak headed.

Immediately after the oath-taking ceremony, Mr. Mubarak met with the entire Cabinet.

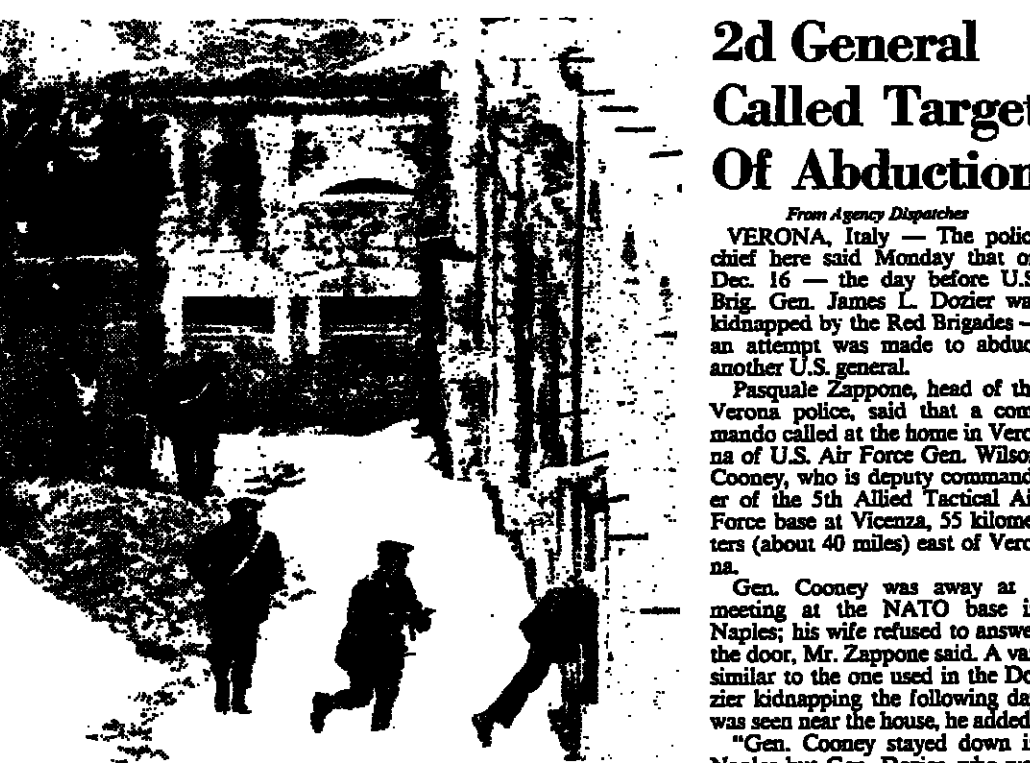
The reshuffle was Mr. Mubarak's first attempt to revamp the government he took over from President Anwar Sadat, who was assassinated on Oct. 6. In all, nine ministers were ousted.

1,500 to Be Freed

In another apparent distancing from the Sadat past, the newspaper Al Akhbar said about 1,500 people detained after religious violence in June will be released before Jan. 7, the day on which Coptic Christians and Muslims celebrate the birth of Christ and



Police inspect debris caused by an explosion outside the women's prison in Rovigo, Italy, Monday. Terrorists blasted a hole in the wall; four women guerrillas escaped amid submachine gun fire.



Carabinieri, hunting for the Red Brigade kidnappers of U.S. Brig. Gen. James L. Dozier, searched an abandoned World War I fort in Breonio Valpolicella, north of Verona, Italy.

SDP Expected to Pick Jenkins as Candidate

LONDON — Roy Jenkins, favored by some to lead Britain's Social Democrats, was tipped by political sources on Monday to contest an unexpected by-election and make an early return to Parliament.

The parliamentary vacancy occurred as the first cracks appeared in the Social Democratic Party alliance with the Liberals, forged in September six months after Mr. Jenkins and three other former Labor Party ministers formed the new party.

Alliance negotiations to choose about 600 candidates for the next general election, due by 1984, were abruptly suspended and the two partners traded insults in a public slanging match.

Scotland's longest-serving member of Parliament, Sir Thomas Galbraith, 64, died on Saturday after a long illness. He had held the Glasgow seat for the ruling Conservative Party since 1948 and was knighted by Queen Elizabeth II on Thursday.

Declined Comment
Mr. Jenkins, 61, the only one of the four founding Social Democrats without a seat in Parliament, has said that he is eager to get back before the new party chooses a leader next autumn. But he declined to say whether he would contest the Glasgow seat.

"I am sorry but I am saying nothing," he said as he left his country home for discussions on the question in London. An SDP spokesman said that Mr. Jenkins would not wish to say anything publicly until after the funeral of Sir Thomas.

Alliance officials in Glasgow said that they would meet on Friday and that there was a strong possibility that Mr. Jenkins would be invited to run.

The alliance has won the last two by-elections in Britain in impressive victories and claims that it has emerged to break the two-party system that has seen power alternate between Labor and the Conservatives.

Mr. Jenkins served in Labor governments twice as home secretary and once as chancellor of the exchequer. As president of the European Commission from 1977-80, he was chief executive of the European Economic Community.

Paper Urges Him to Run
The Daily Express Monday urged Mr. Jenkins to seize the opportunity at Glasgow and to assume what it said he and most others regarded as his rightful position — first leader of the Social Democrats and the alliance candidate for prime minister.

"He ought to be in Parliament," the conservative newspaper declared, adding, "The country's present political situation requires no less."

The SDP's chief negotiator, William Rodgers, and Liberal Party leader David Steel agreed to meet on Tuesday to try to resolve differences over the division of parliamentary seats between their two parties.

The disagreement, caused by the refusal of some Liberals to stand down in favor of Social Democrat candidates, blew up into an angry exchange over the weekend.

In a New Year's message last week, Mr. Steel criticized what he said were excessive SDP demands and said that both sides of the alliance must avoid arrogance and bluster. He described the weekend rift as a temporary "hiccup."

China Rejects Vietnam Cease-fire Bid

PEKING — China on Monday dismissed as hypocritical a Vietnamese proposal for a cease-fire during the Lunar New Year — from Jan. 20 to 29 — on the border between the two countries. But it said peace could be reached at any time if Hanoi ended what the Chinese news agency charged was "military provocation" in the border area.

The agency said China planned to mark the new year by returning 11 Vietnamese soldiers and fishermen. On Dec. 28, Vietnam announced that it would release 11 Chinese soldiers so they could join their families at the New Year. They are to be freed on Jan. 15, when China plans to release its captives.

China and Vietnam fought a border war in February and March, 1979, and since then each side has accused the other of repeated border violations.

Seychelles Airport Almost Repaired
VICTORIA, Seychelles — The fighting in November at Mahé airport between Seychelles troops and mercenaries trying to overthrow the government caused \$2 million in damage but repairs are now almost complete, the minister for economic planning, Maxime Ferrari, said Monday.

"We have been patching right and left because the most important thing for us is to try and restore our tourist industry," Mr. Ferrari said. "Most of December was a disaster but since the last week in December all our hotels have been full." He added that he had obtained commitments from the European Economic Community, West Germany and Sweden for help in repairing the airport.

The fighting in Mahé, the main island of the Seychelles archipelago, started after customs officers spotted weapons hidden in the mercenaries' luggage. After a battle in which the airport control tower and arrivals building were severely damaged, the mercenaries hijacked an Air India jet to South Africa.

2d General Called Target Of Abduction
VERONA, Italy — The police chief here said Monday that on Dec. 16 — the day before U.S. Brig. Gen. James L. Dozier was kidnapped by the Red Brigades — an attempt was made to abduct another U.S. general.

Pasquale Zappone, head of the Verona police, said that a commando called at the home in Verona of U.S. Air Force Gen. Wilson Cooney, who is deputy commander of the 5th Allied Tactical Air Force base at Vicenza, 55 kilometers (about 40 miles) east of Verona.

Gen. Cooney was away at a meeting at the NATO base in Naples; his wife refused to answer the door, Mr. Zappone said. A van similar to the one used in the Dozier kidnapping the following day was seen near the house, he added.

"Gen. Cooney stayed down in Naples but Gen. Dozier, who was at the same meeting, came home to Verona and was kidnapped the next day," Mr. Zappone said. Gen. Dozier, 50, who is assigned to NATO's Southern Command, also lives in Verona.

The U.S. Embassy confirmed the police chief's statement. "The U.S. government has been aware for some time of suspicious activity outside the general's home," a spokesman said.

Mr. Zappone added that he believed the escape of four women guerrillas from a prison Sunday was linked with the kidnapping. But he did not elaborate on why he thought so.

The four guerrillas escaped from Rovigo women's prison, south of Venice, through a hole blasted in its main wall by a bomb. Their flight was covered by at least four accomplices in two waiting cars who fired machine-gun bursts at guards in the prison watchtowers. A passer-by was killed and six were wounded by the explosion.

The four women are members of the Front Line guerrilla group. One of them is Susanna Ronconi, 30, a cousin of Red Brigades leader alleged to have taken part in the kidnapping and murder in 1978 of the former premier, Aldo Moro. Miss Ronconi joined Front Line after breaking away from the Red Brigades.

Government Assailed
Premier Giovanni Spadolini's government came under sharp attack Monday in Parliament over the escape.

Politicians and newspapers reacted with incredulity that the escape took place in an area under heavy surveillance as part of the police search for Gen. Dozier.

Meanwhile Monday, Italy's top anti-terrorism coordinator, Gaspare Di Francesco, was heading the latest meeting of security chiefs handling the Dozier case.

NATO spokesmen have confirmed that a reward of 2 billion lire (about \$1.7 million) has been offered from an unidentified group of friends of the general for information leading to his freedom.

Mr. Zappone would not identify the group. But informed sources have said they believe the money is being put up by the Italian authorities.

U.K. Miners Urged to Permit Strike
LONDON — The leadership of Britain's 250,000 miners Monday called on them to authorize a possible strike, threatening a conflict with Prime Minister Margaret Thatcher's Conservative government.

Leftist militant Arthur Scargill, president-elect of the National Union of Mineworkers, has already said the pay dispute is shaping into a repeat of 1974 when the miners brought down Edward Heath's government. The union is demanding a raise of 23.7 percent to lift the minimum weekly pay to £100 (about \$185).

The union's leadership, in a special issue of its newspaper, urged miners to authorize a strike "if necessary" in secret ballots on Jan. 14 and 15. The union negotiators need 55-percent approval but are looking for a bigger mandate in the expectation that the mere threat of a strike will be enough to force the nationalized coal industry to come up with more money.

Singapore Plans End To Foreign Work Force
SINGAPORE — Workers from India, Bangladesh and Sri Lanka employed by manufacturing industries will have to leave Singapore by December, 1984, as part of a drive to phase out foreign workers by 1991, Prime Minister Lee Kuan Yew has announced.

"We can see what has happened in Britain, France and even West Germany, because they used immigrants — whether West Indians or Africans or Turks or Yugoslavs — to do those heavy and tough jobs. They have inherited grave social problems," Mr. Lee said Saturday in a New Year's message.

He said the workers from India, Bangladesh and Sri Lanka, who number about 30,000, will be permitted to work in shipyards and construction industries and as domestic servants for the next four or five years.

Official figures put the number of workers from traditional labor sources, such as Malaysia, Indonesia, the Philippines and Thailand, at 122,000, although the actual number is believed to be closer to 150,000. Singapore's work force totals 950,000.

Serious Labor Shortage
The city-republic faces a serious labor shortage. About 90,000 workers are currently needed in the construction, hotel and manufacturing industries.

Singapore recruits about 1,500 workers from the Portuguese colony of Macao to work in the construction industry.

The government has offered tax incentives for mechanization and automation by labor-intensive industries, and for the hiring of married women. It also has extended the retirement age from 55 to 60 or 65 to reduce dependence on foreign workers.

Mr. Lee noted that the Japanese do their own "heavy and dirty jobs. They have no social problems or riots, they have high productivity from their homogeneous work force."

He said some skilled foreign workers will be allowed to become permanent residents, and eventually citizens of Singapore.

W. German Worker Breakdown
MUNICH (AP) — Nearly 10 percent of West Germany's legally registered workers are foreigners, the Bavarian minister of social affairs said.

Of the 21 million employees eligible for social benefits under West German law, about 2 million are foreigners eligible for benefits

Ulster Police Chief Rebukes Officers
BELFAST — Sir Jack Hermon, Northern Ireland's police chief, disclosed Monday that "hard-line" officers tried to set up a breakaway force to fight the IRA.

Sir Jack, 53, said "a small number" of militant officers in the predominantly Protestant police made the move at a meeting last month of the central committee of the police federation. He said the attempt was "heavily defeated" by the committee.

Federation sources reported in November that, at the same meeting, a motion of no confidence in Sir Jack was defeated by only one vote. Sir Jack's disclosure was contained in a letter to federation chairman Alan Wright. Sir Jack claimed the move was "a calculated attempt by a small number of persons to act in an improper manner without a mandate from the membership of the force and without regard for the consequences."

'Hit Squad' Unconfirmed
(Continued from Page 1)
and for the FBI to investigate," said Democratic Sen. Patrick J. Leahy of Vermont. "But I felt it was unfortunate that so many in the administration were leaking stuff out so that any night you could hear reputable news people come out with contradictory information."

"There was too much public attention by the administration. It built Qaddafi up all out of proportion.... There were a lot of threats in the Carter administration that were as serious as this one. There was nothing there to justify such public statements," Sen. Leahy also said that "some in the media got carried away."

One apparent result of the episode was in the administration's design for removing Americans from Libya, which would make more drastic steps against Libya easier to take. On Dec. 10, the government called for the return of about 1,500 Americans living in Libya and announced a ban on American travel to that country.

Such measures had long been contemplated in both the Carter and Reagan administrations and may well have been carried out as a result of the State Department analysis. But administration sources said the death threat played a role in enabling the government to move earlier.

Analysts with access to security information now say the plot has apparently been suspended, at least temporarily, though the White House insists there has been no diminution of the threat.

DEATH NOTICE
WELL, Harold on December 25, 1981, beloved husband of Libella Goldstein, well, loving father of Patricia Well, Rosalind, Judith Well, and Victoria Well, adored grandfather of Marie Ann, Pamela, and Eric and Lisa Levy. Mr. Well was senior partner of the International law firm, Leon, Well & Mahony, President of the Helen Rubinstein Foundation, and a member of New York Hospital.

مكتبة الرمال

Reagan Wants Commerce Chief To Share in Nuclear Arms Policy

By Walter Pincus
Washington Post Service

WASHINGTON — President Reagan would like Commerce Secretary Malcolm Baldrige to participate with Defense Secretary Caspar W. Weinberger in decisions relating to nuclear weapons, according to administration sources.

The idea is reflected in Mr. Reagan's proposal to transfer a \$6-billion program for building nuclear weapons from the Department of Energy, when and if it is dismantled, to the Commerce Department. Mr. Weinberger opposed that proposal, arguing that the weapons program would then have to compete with the Commerce Department's civilian programs for funding.

Mr. Reagan's decision was irritating not only to Pentagon officials and Capitol Hill military experts but also to scientists and officials throughout the nuclear weapons community who believe that the transfer of the building pro-

gram was urged by Energy Secretary James B. Edwards and officials of the Office of Management and Budget who they said did not understand the size and varied activities of the program.

Fight Expected in Congress

The White House has formed a task force that includes Mr. Baldrige, Mr. Edwards and Edwin Meese 3d, the presidential counselor, to take another look at the weapons program and organize the transfer, according to a Reagan aide. The White House is aware, this aide said last week, that it faces an uphill battle for congressional approval of a plan to implement the president's decision.

Mr. Baldrige's department would undergo a change if Congress were to approve the president's proposal. The nuclear-weapons building program would account for almost 75 percent of the Commerce Department's fiscal 1983 budget, which the Office of

Management and Budget is drawing up with the assumption that the change will take place.

According to White House sources, Mr. Baldrige did not seek the program, which is run by the Energy Department. It was handed to him after a Cabinet council study chaired by Mr. Edwards recommended that it be placed in either the Interior or Commerce departments. Mr. Weinberger, according to White House sources, was not included in the study and got into the picture only on his own initiative, late in the process. He and his deputy, Frank C. Carlucci, opposed the notion of putting the program in Commerce or any other civilian department.

Rare Loss for Weinberger

In the final Cabinet committee session, with the president listening, the defense secretary strongly advocated that the nuclear-weapons complex be made either independent or part of the Defense Department.

It has been one of the few bureaucratic battles requiring a presidential decision that Mr. Weinberger has lost.

Capitol Hill critics said that the decision was tilted toward Mr. Baldrige — "a rising star in the administration," according to one source — because the commerce secretary's frequent horseback-riding trips with the president have made him a favorite of Mr. Reagan.

In addition, they said, Mr. Baldrige is looking for things to do since budgetary cutbacks have eliminated some of his grant programs and reorganization has separated others. Mr. Baldrige came to Washington hoping to play a role in the administration's financial policy-making but, like many commerce secretaries before him, was quickly shut out.

A senior government scientist said recently that the Commerce Department "is not a viable place" for the weapon-building program "if the president is serious about it."

Primary Complaint

His statement was primarily intended as a response to Mr. Edwards' reasoning that the Commerce Department was chosen because of its experience in handling scientific programs such as the National Bureau of Standards.

Most critics are concerned with the weapon program's ability to compete with civilian programs for funds in a civilian agency. Critics have complained that since the Atomic Energy Commission folded six years ago the weapons complex has not been able to get enough funds to keep its World War II facilities modernized or safe.

The nuclear-weapons complex includes laboratories at Los Alamos, N.M., and Livermore, Calif., and the associated Sandia laboratories. It also consists of five manufacturing and assembly plants that produce the parts for all nuclear warheads. It also runs the Nevada nuclear testing site, a research facility where enormous amounts of high level nuclear waste are stored.

The four production reactors in Richland, Wash., and Savannah River, S.C., are part of the complex as are nonweapons testing laboratories in Idaho and Chicago.



HOLIDAY ENDS — President Reagan and his wife, Nancy, board a plane in Palm Springs, Calif., to end a week of vacation. Mr. Reagan was back in Washington on Monday.

Aides Now Say Reagan Opposes Racial Quotas

By Robert Pear
New York Times Service

WASHINGTON — White House aides, clarifying President Reagan's recent remarks about civil rights, have said he believes the Supreme Court was wrong in upholding an affirmative action program that reserved a certain number of places for blacks.

Comments by the president at his news conference on Dec. 17 have been viewed as signifying his approval of the court's ruling in 1979 in the case of Brian F. Weber, a white employee of the Kaiser Aluminum and Chemical Corp. Mr. Weber unsuccessfully challenged an affirmative action plan negotiated by the company and the United Steelworkers of America.

In fact, according to Larry Speakes, the White House deputy press secretary, Mr. Reagan agrees with William Bradford Huie, the assistant attorney general for

civil rights, who said that the Weber case had been "wrongly decided" and that the precedent should be challenged in an appropriate case.

Mr. Speakes said the president objected to the affirmative action plan approved by the Supreme Court in the Weber case because the plan contained "a rigid racial quota," in Mr. Speakes' words.

Unfamiliarity Cited

The confusion arose in part because Mr. Reagan said he was unfamiliar with the Weber case. A reporter then summarized the case for the president, noting that it concerned a "voluntary agreement to conduct affirmative action programs for training minorities and moving them up in the work force."

Mr. Reagan then said: "Well, if this is something that simply allows the training and the bringing up so there are more opportunities for them, in voluntary agreement between the union and management, I can't see any fault with that, I'm for that."

The discussion omitted the details of the plan adopted by Kaiser to increase the representation of blacks in skilled craft from which they had been historically denied.

The plan created an on-the-job training program that reserved 50 percent of the openings for black employees until the percentage of black workers in the plant was commensurate with the percentage of blacks in the local labor force. This arrangement led to the selection of some black employees with less seniority than some white employees who had unsuccessfully applied for the training program.

"The president and the Department of Justice find this racial quota unacceptable," Mr. Speakes said, adding, however, that "the president does favor voluntary affirmative action programs."

The program in the Weber case was voluntary, according to the Supreme Court. The Civil Rights Act of 1964 did not require but did permit such "race-conscious" remedies, the court said. Further, it said, Congress chose not to prohibit affirmative action measures such as the Kaiser program because it did not want the U.S. government to interfere with "traditional management prerogatives."

Mr. Reynolds said the Reagan administration agreed with Justice William H. Rehnquist's dissenting opinion in the Weber case. Justice Rehnquist said that "Kaiser's racially discriminatory admission quota is flatly prohibited by the plain language" of the 1964 Civil Rights law, which, he said, allowed no racial discrimination of any kind in employment.

Floods Kill 15 in Brazil

RIO DE JANEIRO — Heavy rains during the weekend triggered mudslides and flooding, killing at least 15 persons, Brazilian civil defense authorities said Monday.

Low Profile KGB Chief To Leave Quietly After 6 Years in Washington

By Bob Woodward
Washington Post Service

WASHINGTON — One of the least-known of Washington's important persons is expected to leave this month after a six-year assignment here. Few Americans have heard his name. He works exclusively behind the scenes, and there is probably no one in the United States whose secrets are more coveted by the U.S. government.

He is Dmitri I. Yakushkin, according to the diplomatic registry one of 10 counselors at the Soviet Embassy. Fluent in English, charming, well-educated and cultured, Mr. Yakushkin is head of U.S. operations for the KGB, the Soviet intelligence service.

With the rank of major general and the title of KGB resident in Washington, Mr. Yakushkin, 58, is the most powerful KGB officer outside the Soviet Union, according to authoritative U.S. intelligence sources.

Replacement Awaited

Mr. Yakushkin's expected return to the Soviet Union has some U.S. intelligence officials watching expectantly for his replacement and what that choice may foretell about the direction and nature of Soviet intelligence operations.

The FBI, charged with counterintelligence operations and accordingly the chief U.S. spy-watching agency, is convinced that the Russians have stepped up their intelligence efforts here recently. Last month Attorney General William French Smith said that the Russians had dramatically increased their spy work.

About one-third of the Soviet bloc personnel in the United States assigned to embassies, consulates and the UN or other international organizations are believed to be full-time intelligence officers," Mr. Smith said.

It is this group of spies, estimated by a U.S. official at about 500, that Mr. Yakushkin heads. His replacement will be carefully selected, according to U.S. officials, and the successor's personality and style of operations will provide a good clue to the future of Soviet-bloc activity here.

Retirement Delayed

Mr. Yakushkin, KGB resident here since late March, 1975, is a moderate of refined temperament. He is said to have voiced concerns about human rights issues and the need for arms control. His interests are broad. With a degree in economic science, he is said to keep up with literature and other cultural developments.

Mr. Yakushkin was scheduled to return to the Soviet Union for retirement last year. But he has been held over here, according to officials, for two reasons: his experience provided continuity as the Russians became acquainted with the Reagan administration, and he is close to the Soviet ambassador, Anatoli F. Dobrynin.

Mr. Yakushkin has emerged over the last several years as an extremely important and influential adviser to Mr. Dobrynin — a rare if not unique role for a KGB chief in Washington.

Mr. Yakushkin's wife, Irina, is a translator, but is also a member of the KGB, as is the chauffeur who drives Mr. Yakushkin around Washington, according to U.S. sources.

Mr. Yakushkin has a son, Dmitri D. Yakushkin, 24, who is a correspondent for Pravda in Moscow. Last August, the son visited the United States, but Mr. Yakushkin was in Moscow then, according to officials.

"The father and son did not see

each other, the officials said, because the son is for all practical purposes a hostage, kept at home to prevent the father from defecting or doing anything else that the Soviet authorities might disapprove of. Father and son are not allowed outside the Soviet Union at the same time.

As the resident here, Mr. Yakushkin probably knows more about Soviet intelligence operations — including any sensitive penetrations of U.S. government departments or agencies — than any other person in the KGB. Since he served previously for six years as head of the KGB at the United Nations in New York City, his 12 years of U.S. intelligence operations give him unique knowledge and perspective.

His direct contacts with others in Washington are held to an absolute minimum. The Czechoslovak ambassador, Jaromir Johanes, is said to be Mr. Yakushkin's best friend outside the embassy network.

Mr. Yakushkin's first assignment to the United States was in late 1962, when he was briefly part of the Soviet delegation to the United Nations. In July, 1963, he was assigned to the UN delegation as head of the KGB operations. He served there until May, 1969, when he reportedly was put in



Dmitri I. Yakushkin

charge of the Moscow branch of the KGB that deals with intelligence operations in Britain.

Webster Expresses Concern

WASHINGTON (NYT) — The United States, concerned about what it considers a growing espionage threat from Soviet diplomats, has discussed forcing the Soviet Union to cut back the size of its representation in the United States, according to William H. Webster, director of the FBI.

Mr. Webster said Sunday that the main objective of Soviet agents was U.S. technology and that the government was working on programs to inform industry of the dangers, which he said had previously been ignored. Asked about the possibility of cutting the number of diplomats, he said, "It's an option. It has been discussed."

U.S. Fleet Begins Using AWACS in War Games

The Associated Press

NORFOLK, Va. — The Navy's 2d Fleet has begun using AWACS, the Air Force's large radar warning plane, to provide greater protection for its warships in the Atlantic and the Caribbean, according to the commander of the Norfolk-based fleet.

Vice Adm. James A. Lyons Jr. also predicted in a weekend interview that the Navy would increase its presence in the Caribbean, sending two aircraft carriers there from time to time. He did not rule out a permanent Caribbean force, which the Navy has not had for a decade.

Airborne Warning and Control System radar planes provided naval support for 2d Fleet ships in a fall exercise in the North Atlantic and in a Caribbean exercise that ended in December, Adm. Lyons said. The 2d Fleet, with about 65 ships, would fight wartime battles in the Atlantic.

The sale of AWACS planes to Saudi Arabia was a major political controversy last year, with President Reagan winning approval for the deal despite heated opposition in the Senate and House.

The AWACS can detect potential enemies at great distances, allowing carriers to send planes up sooner and intercept the enemy "well beyond the range that they'll be able to launch their weapons against us," Adm. Lyons said.

The Navy has a radar plane of its own, the carrier-based E-2C Hawkeye, but the AWACS jets can fly farther and remain on patrol longer. AWACS planes "have a definite role to play.... I think it shows a lot of promise and can be a good force multiplier," Adm. Lyons said.

The planes extend the defense margin for naval battle groups. Adm. Lyons declined to say how far the margin would be extended, but battle groups like to maintain an air defense margin of at least 200 miles (320 kilometers) without AWACS help.

Reagan's Science Aide Defends Budget Cuts

By Philip J. Hills
Washington Post Service

WASHINGTON — The government must seek out the "less productive research areas" in science and sharply cut their funds, President Reagan's science adviser said in addressing the American Association for the Advancement of Science.

In his speech Sunday night, George Keyworth defended the Reagan budget, saying abundant funding may not produce good science and "it can even promote mediocrity rather than stimulate excellence."

The 1982 budget cut sharply into basic research programs, putting some to near zero but leaving others with only small cuts.

When science funding was more plentiful, Mr. Keyworth said, there was a tendency "to add resources to the best research areas, but not to take money away from less productive research areas, even if they have passed the days of their most important and exciting work. We can no longer afford that luxury."

Mr. Keyworth, a former weap-

ons physicist at Los Alamos nuclear laboratory in New Mexico, did not give any examples of less productive areas.

But in previous talks he has singled out science education programs at the National Science Foundation as unproductive and said that planetary exploration programs produce less "hard science" than other parts of the U.S. government's space science budget.

He said some areas will be cut disproportionately so that other areas may be maintained at high levels of funding, including basic research in the physical and biological sciences.

Mr. Keyworth said the United States can no longer expect to "be pre-eminent in all fields, nor is it necessarily desirable. The idea that we can't be first across the spectrum of science and technology is not simply a function of our current economic situation. The fact is... the rest of the world is catching up."

He said this is a result of U.S. efforts since World War II to help other countries and should be regarded not as a U.S. failure but as a major success of our social values.

In a related event, a report by association staffers outlined the effects on science of the Reagan budget and the congressional action following it.

In general, said Willis Shapley of the association, Congress went along with Mr. Reagan's first round of budget cuts in March but rejected those in September, when the president asked for an additional 12-percent, across-the-board cut.

The Reagan cuts represent a sharp turn downward in science funding, a decline of 5 percent after adjustments for inflation. This reverses the trend of slight increases during the Carter administration.

The only area of increase is in defense research and development spending.

Iglesias Abduction Remains Mystery

The Associated Press

MADRID — Carlos E. Iglesias, the brother of pop singer Julio Iglesias, said Monday that he had still received no word about his father, Dr. Julio Iglesias Puga, who was reportedly abducted last week. No one has claimed responsibility for the kidnapping.

Dr. Iglesias, 66, a gynecologist, was last seen Tuesday by the janitor of his Madrid clinic, who said the doctor left the clinic with two men.

Julio Iglesias and his mother were at the singer's home in Miami awaiting news of Dr. Iglesias. Carlos Iglesias said Sunday that his father has a circulatory problem and needs medication.

Racial Calm Prevails in Atlanta Murder Trial

Lack of Turmoil Attributed to Advances in Rights, Shift in Power Structure

By Wendell Rawls Jr.
New York Times Service

ATLANTA — Two and a half decades ago, in a small town in Mississippi, a black teen-ager from Chicago, who was visiting relatives, whistled at a white woman and was later abducted at gunpoint by two white men. Several days later the boy's body was found in a river, a bullet in his skull.

Two suspects, who were said to have told a sheriff that they had abducted the boy but released him unharmed, were prosecuted by a white district attorney and defended by a white lawyer before a white judge. To the surprise of no one, an all-white jury acquitted them. Blacks throughout the South and, indeed, the nation were enraged, and Emmett Till's death became one of the building blocks of the civil rights movement and blacks' demands for equal justice.

Last week, in another murder case, Wayne B. Williams sat in an Atlanta courtroom and intently watched his attorneys and the district attorney interrogate potential jurors. He is accused of slaying two of Atlanta's 28 missing and murdered young black people, the most sensational series of crimes in the city's history.

In the courtroom and on the streets outside, however, calm has prevailed. The lack of turmoil, several prominent blacks said, can be attributed to the social upheaval wrought by the civil rights movement and the resulting changes in the power structure in this center of the Deep South.

They noted that the defendant and the murder victims, Nathaniel Carter, 27, and Jimmy Ray Payne, 21, were black. The man who led the murder investigation and authorized Mr. Williams' arrest, Public Safety Commissioner Lee

Patrick Brown, is black. The chief of police is black. The special agent in charge of the Atlanta office of the FBI, which assigned about 40 agents to the investigation of the murders, is black.

Although the district attorney, Lewis Slaton, is white, Mr. Williams' chief defense attorney, Mary Williams, is black. The Fulton County Superior Court judge presiding over the trial, Clarence Cooper, is black. He was popularly elected to his office, as was Atlanta's black mayor, in a city whose population is three-fourths black.

Other members of the municipal power structure, including the superintendent of Atlanta's public schools, are also black. At the time of the killings, the president of the Chamber of Commerce was also black.

"Atlanta is one place where we've made the system work, where representative government is a reality," Andrew Young, the new mayor, said. "And it is clear that the presence and involvement

of a black power structure in the city is the reason why Atlanta responded to this, the murders and the trial, with confidence that justice will be done."

The current calm is not a good thing in all respects, according to Charles H. King Jr., president of the Urban Crisis Center, a private-run organization here that consults on race relations in urban settings.

Diminishing of Sensitivity

"Violence and death are such a large part of the black experience," he said, "anger at the alleged murderer tends to be minimized. For a black to kill other blacks in such great numbers is outside the black experience, so we are mystified more than angry. And the mothers of the victims cheapened the deaths of their children by their commercialization and exploitation, so that took away from us some of the grief and mourning we could feel for them and removed our right to cry."

"But I worry that the level of calm in the black community is an indication that we have become inured to violence and death, that somehow there has occurred a deadening of our sensitivity to death," he said.

Many residents remember the reasons for such paranoia. Mr. Young, who was a trusted assistant to Martin Luther King Jr., a congressman and the chief U.S. representative to the United Nations under President Jimmy Carter, said that his father recalled seeing lynchings of blacks in Louisiana and days when "there was no such thing as law and order for blacks."

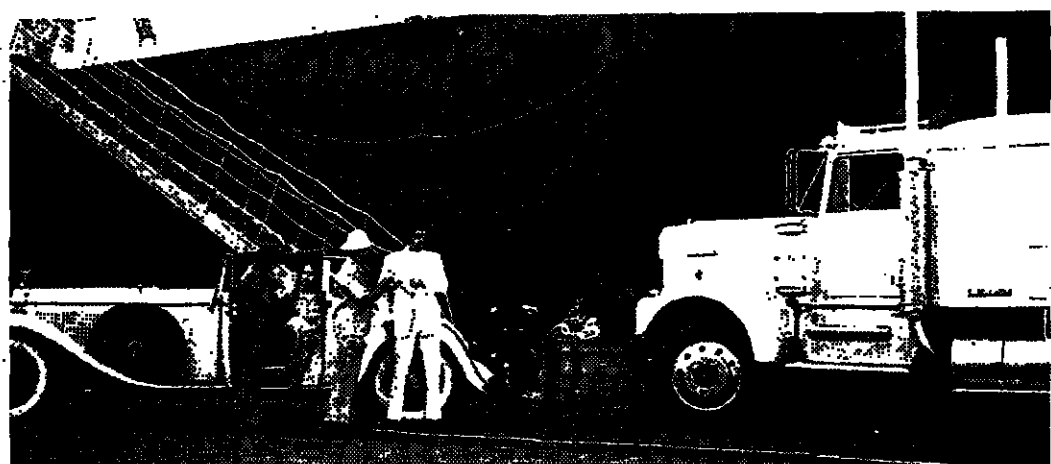
While deeds of miscarried justice involving the poor and the black continue to occur in portions of the South, Mr. Young said he believed that was past in Atlanta. "There has been an accommodation of blacks and whites, socially, economically and politically, that I don't think works like this any place else in the world," Mr. Young said.

HOW DO YOU ASK FOR THE CLASSIC SCOTCH WHISKY IN HUNGARY?

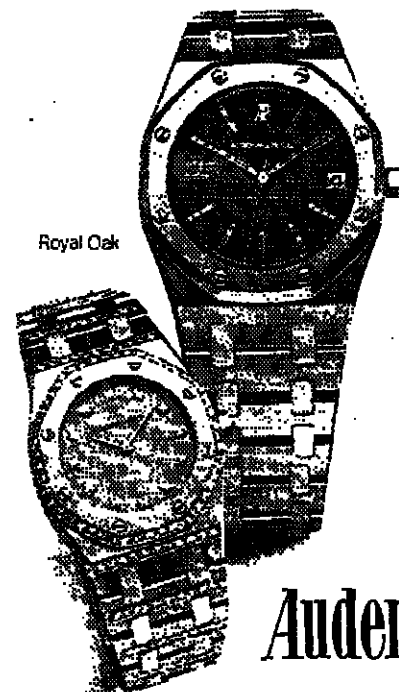
"Egy pohár
Johnnie Walkert
kérek."
"Egészségünkre!"



LE GRAND CHINOIS
6, Av. de New York 18
723 98 21 (tél. lundi)
THE BEST CHINESE
RESTAURANT
IN PARIS
PRIX CRUSTACE DE VERMEIL



"A price like that," he teased, "and they don't conceal the screws?"



Audemars Piguet

Perilous Nuclear Trade

To prevent the military use of internationally traded nuclear facilities, the United States has relied for a generation on safeguards provided at bargain prices by the International Atomic Energy Agency. Diplomats never thought it gentlemanly to look this gift horse in the mouth; it did its work with only 150 inspectors and a budget of \$25 million. But the Nuclear Regulatory Commission has finally taken a look, and it has found some teeth missing.

As a result, the Reagan administration's desire to stimulate the nuclear trade by relaxing American controls looks to be exactly the wrong thing to do.

After an expert investigation, the nuclear commission informed Congress that the international agency is incapable of detecting all diversions of civilian materials to nuclear weapons. Nor is the commission any longer "confident" that other diversions would be detected in time for preventive action to be taken. The study estimated that a sound inspection system would require a tenfold increase in resources and the far-flung deployment of sophisticated equipment. The necessary technology might be developed over five or 10 years. But even if governments approve, and put up the money for this much more intrusive inspection, it would take still longer to train the needed personnel.

The riskiest facilities — plutonium reprocessing and uranium enrichment plants — would need inspectors in residence. And even they might not prevent a diversion to weapons that could occur in hours or days.

Accordingly, the commission is reviewing its export licensing procedures. Its clear message is that America's controls need tightening, not the relaxation proposed by administration officials. The Reagan team has even urged transferring the control responsibility to the State Department, whose foreign policy concerns often override the fear of weapons proliferation.

The Carter administration rightly sought to limit the traffic in sensitive nuclear facilities and materials. It also tried to set an example by avoiding or at least delaying American commercial reprocessing plants and breeder reactors.

These efforts, however, failed to persuade Japan and the European allies from rushing ahead with new technologies. But that did not make it wrong to try to keep on trying. The Reagan administration's attempt to set one standard for advanced countries and a more restrictive one for some poor countries is a doomed substitute.

The main argument for hurrying reprocessing and the breeder was that uranium would soon be in short supply. Those estimates vastly exaggerated the growth of nuclear power. There is now a huge surplus of uranium and no prospect of a shortage before 2020, if then. And safer alternatives are sure to appear before then.

The evidence that reprocessing plants, breeders and enrichment plants cannot be properly safeguarded adds strength to the case against this dangerous trade.

THE NEW YORK TIMES

Tailor-Made Protection

Free governments in the industrialized world do not act free when it comes to the textile trade. More often than not, they do the bidding of domestic textile producers and unions that want protection from foreign competition. Consumers have paid the price: Their clothes and materials cost more than they should; their economies perform less efficiently than they could.

It should come as no surprise, therefore, that the new international textile agreement prepared last month in Geneva is another bow to protectionism for this codded industry. The new five-year accord, which must now be signed by the participating governments, reaffirms the world's inability to free up trade in this sector.

The few changes will make way for more, rather than less, restraint. Textile sales will continue to be treated under special rules, set aside by international agreement from the General Agreement on Tariffs and Trade that governs most world trade.

The Multifiber Agreement, as the new accord is known, should be an embarrassment to the Reagan administration. The White House preaches the gospel of free trade, yet the president's delegates to Geneva showed little real enthusiasm for lowering trade barriers in textiles. Indeed, the administration had already bartered away much of its position to textile interests in Congress.

But its emissaries probably would have failed in any free-trade mission. The European delegates were under enormous pressure to protect their own troubled domestic producers. They went to Geneva to reduce textile imports, not increase them.

In theory, the Multifiber Agreement was

designed to work at least modestly for freer trade. Since its inception in 1973, the agreement has set goals for enlarging textile trade. In fact, the agreement has never been much of a force for increased trade between the industrial countries and the low-cost textile producers of the Third World. Bilateral deals of the sort prohibited for most goods are the rule in this industry. The new agreement will allow them to become even more restrictive.

For the United States this is surely a short-sighted policy. A government bent on reducing inflation and improving productivity should not continue to protect inefficient producers. Some parts of the textile industry, the fabric and fiber producers, are doing quite well and could probably thrive with lowered trade barriers. The apparel producers, still labor-intensive, are not nearly as successful. New trade barriers may sustain them a while longer, but at a price.

How protectionism the new agreement will depend on how governments use it in shaping bilateral deals. The key may well be the new rule that allows nations, for the first time since 1973, to cut imports when there is a drop in domestic business.

Geneva could have turned out worse. There might have been no new agreement at all. Then governments would have been free, starting Jan. 1, secretly to erect ever higher barriers to textile imports. But the new agreement perpetuates a problem that the industrial nations some day have to face. Instead of encouraging them to get out of a business in which some cannot fairly compete, it offers new ways to beat the competition and stay in. It greases the way for protectionism.

THE NEW YORK TIMES

The Polovchaks Again

What will happen to 14-year-old Walter Polovchak now that an Illinois court has decided he should not have been removed from the custody of his parents? Immigrants from the Soviet Union, they had sought unsuccessfully to take him along when they returned to their native Ukraine last year.

The youngster, who chose to remain in Chicago, was removed from their custody and made a ward of the state. It was this action that the Illinois court reversed last week, holding that the normal conditions for the removal of a child from parental custody were not present in this case. Most experts in family law would agree.

The state court, however, could not and did not reach the more fundamental question of whether Walter could be forced to return to the Soviet Union against his will. The U.S. government has granted Walter "religious asylum" on the ground that, as a Baptist, he would be subject to persecution in the Soviet Union. The Illinois branch of the American Civil Liberties Union, representing the parents, maintains that the government should not have made this decision without consulting the parents. The ACLU will argue in court that since custody has been restored to the parents, they should be allowed to retrieve their son, even if he does not consent.

The Justice Department finds the custody issue immaterial and will fight any such effort.

It has been difficult to reach the Polovchaks with news of their victory in the state courts, so it is not known whether they will come for Walter or ask that he be sent to them. Perhaps they are resigned now to having lost him and will not reopen a painful wound by forcing the recalcitrant teen-ager to return. Perhaps they are under pressure from their own government to pursue this case. Their predicament as human beings caught up in an international tug-of-war deserves sympathy.

As for Walter, the Illinois courts have settled the domestic relations question. But the political question — under what circumstances can asylum be sought and granted? — will probably be settled by the march of time. Walter was 12 when he first left his parents' home. He is 14 today. On the question of whether he can leave, the decision — at any age — is his alone. On the question of whether he can stay against his parents' will, the federal court is moving slowly. It is quite possible that he will have grown a mustache before all the appeals are decided. If he hasn't changed his mind by then, chances are he will be buying his razor blades in Chicago.

THE WASHINGTON POST

Jan. 5: From Our Pages of 75 and 50 Years Ago

1907: Manhunt in Morocco

GIBRALTAR — News has just reached here from Tangier that three divisions of Moorish soldiers, each numbering about 5,000 men, have set out to attack and capture Raisuli, the brigand chief who has been terrorizing the area around with his lawless bands. In his stronghold, the first division is commanded by the Minister of War, division is commanded by Cabbas and the third El Guebbas. The Angara and Faz tribes have joined the expedition against Raisuli. The Sultan's uncle, Amrani, is coming from Fez with 8,000 men. Great excitement now prevails in Tangier and many people have left there in a hurry fearing that there will be much shedding of blood.

1932: A New Anesthetic

SAN FRANCISCO — Members of the University of California medical school have developed a new general anesthetic that is more rapid and efficient than chloroform, ether or the anesthetic gases, and comparatively free from many of their objectionable actions. The new anesthetic was discovered by Dr. C.D. Leake, professor of pharmacology. Dr. Leake, who made many contributions to medical knowledge of the anesthetic action of ether and ethylene, predicted that another substance, chemically related to these older anesthetics but different, should prove valuable. This substance, known as "divinyl oxide," was given a trial, and as a consequence the world has a new anesthetic.

For El Salvador, Reform Is the Only Hope

By E. Bradford Burns

LOS ANGELES — A coup d'état staged by junior army officers swept the corrupt and inefficient military government of El Salvador aside in October, 1979. The young officers promised reforms. In a society with serious social and economic inequities, a majority of the population welcomed that possibility of change. Hopes rose.

The new government decreed deep-going changes, the most important of which addressed agrarian problems.

As in most of the Third World, the dynamic sector of the Salvadoran economy revolves around exports. They are overwhelmingly agricultural: sugar, cotton and coffee. Exports earn the big money.

The ability to earn that money depends on the ownership of land. Few Salvadorans own

Fully 82 percent of Salvadorans do not get enough to eat.

land. According to the figure quoted most often, less than 2 percent of the population controls more than half the land. Those few benefit from the economic, social and political structures, while an impoverished majority bears a disproportionate share of the burdens of society.

Agrarian reform promised some adjustment of the structures, perhaps in the long run narrowing the wide and deep gap between the extremes of wealth and poverty. Few doubted that agrarian reform was essential if El Salvador hoped to fulfill any goals of economic development, social improvement and a measure of democracy. Land reform is a major key to greater peace and order.

At only in El Salvador but also throughout Latin America. Since the government issued Decree 153, the legal basis for land reform, in March, 1980, very little has been accomplished. Less than 15 percent of the country's total farmland has been affected. Rhetoric far outdistanced action.

In the first phase of the reform, the government nationalized some large estates of more than 1,250 acres to turn them

into cooperatives. It promised payment in bonds to the ex-owners. Mainly, those estates grew sugar cane and cotton. Land producing coffee, the principal export and money earner, was untouched because individual parcels generally measured fewer than 1,250 acres.

The landowners and local oligarchy in general mounted a fierce, often violent campaign to thwart the reform. The owners of the large estates also joined in legal battles to force the government to return their lands.

Meanwhile, the government announced postponement of the remaining two stages of the reform, the nationalization of estates from 250 to 1,250 acres and the distribution to peasants of the small plots that they previously rented. President Jose Napoleon Duarte informed the nation early last March that any further reforms would be put off for another five to 10 years. The hopes of the majority turned into frustration.

It is easy now to see how land reform was sidetracked. The government has few technicians and scant funds for a reform program. More and more of its meager resources must go for armaments to stay in power. More important, it lacked the necessary support of the military to implement such reform.

The wealthy landowners have both the funds and the determination to halt and possibly reverse the reforms.

The U.S. government, even though it understands the need for such basic reforms, has never been emotionally committed to pressuring El Salvador, or any other Latin American nation, into making those far-reaching structural changes.

The Salvadoran government's commitment to reform diminished, the intensity of internal conflict mounted — a classic case of frustration giving rise to violence. By last January, El Salvador was already engulfed in civil war.

One side — referred to most frequently as the rebels or the guerrillas — advocates reform. The other — the oligarchy, some members of a frightened urban middle class, the military and

form, and at the same time guaranteed Washington's support.

However, a deepening reliance on Washington always stirs Latin American emotions sensitive to real or imagined "imperialism," just as postponement of reforms seems to augment the ranks, determination and appeal of the rebels.

Only economic reforms can ensure peace in El Salvador. No amount of political hocus-pocus will do it. Military aid has only made the situation worse. To insist that the rebels lay down arms on the vague promise of later reform is to assume a naïveté more typical of Washington than of Latin America.

The writer teaches Latin American history at the University of California in Los Angeles. Author of "The Poverty of Progress: Latin America in the 19th Century," he contributed this comment to the Los Angeles Times.



'How About a Candle for Us, Señor?'

Two Faces of Reagan's Ethiopia Policy

By Anthony Lewis

BOSTON — On Oct. 2 Jean Kirkpatrick, U.S. representative at the United Nations, spoke in the General Assembly about what she called the "savagery" of the Marxist regime in Ethiopia. In graphic terms she denounced assaults on human rights that have occurred since Col. Mengistu Haile Mariam took over in 1974.

"It is estimated that some 30,000 persons in Ethiopia were summarily executed for political reasons between 1974 and 1978," Mrs. Kirkpatrick said. She credited Amnesty International as the source for this figure.

"Twelve-year-old children were among those immersed in hot oil, sexually tortured or flung out of windows and left to die in the street," she said. The outrages were continuing, Kirkpatrick charged.

"There are at least 300 to 400 arrests every week in Addis Ababa alone," she said. "Many of those arrested simply disappear, and are presumed executed."

Powerful words. Yet at about the same time that Mrs. Kirkpatrick spoke them, Reagan administration officials were preparing action to send the 20,000 or 30,000 Ethiopian refugees in the United States back to Ethiopia.

The action was taken by the Justice Department's Immigration and Naturalization Service. In the

Boston area, a letter signed by the district director, Paul E. McKinnon, went individually to Ethiopian refugees on Oct. 30. I have a copy, and it says:

Dear — This is to inform you that because of the stabilization of conditions in Ethiopia, your voluntary departure status in the United States is being revoked. You are being granted until Nov. 30, 1981, to depart the United States voluntarily. You should notify this office on or before Nov. 19, 1981, of the travel arrangements you have made. If you fail to depart as directed above, consideration will be given to the institution of deportation proceedings.

According to one arm of the Reagan administration, therefore, conditions in Ethiopia are "improving." According to another, they are "stabilized" — so amiable, in fact, that refugees from the Mengistu regime are given a month to go voluntarily or face deportation to Ethiopia.

The letter added that a refugee could seek relief under a provision of law helping aliens who would face death or imprisonment at

home for political reasons. But the legal burden of proof is heavy in such cases, and authorities have indicated that few of the Ethiopian refugees would be able to meet it.

It is usually hard for an individual to prove that he will be tortured or killed or persecuted by a tyrannical regime. But there is every reason in common sense for the Ethiopian refugees to expect trouble if they return home now. They are Westernized, highly educated, many of them children of officials in the Haile Selassie government that Mengistu overthrew.

Official figures are not available, but it is known that at least one Ethiopian has left the United States after receiving the letter.

There is a particular political callousness in the move against these refugees. In the Selassie days, the United States regarded Ethiopia as one of its best friends in Africa. Since the revolution, the United States has stopped aid and shown sympathy for Ethiopia's traditional enemy, Somalia.

Some think U.S. antagonism to the Mengistu regime has made matters worse. Refusal to deliver arms that had been paid for when Somalia attacked certainly encouraged Ethiopia to turn to the Soviet Union and to invite Cuban troops

in. But whatever the wisdom of the U.S. political attitude toward Mengistu, it is inconsistent with the decision to expel Ethiopians.

The episode can be seen as one more example of lack of coordination in the Reagan administration's foreign policy. This one not only embarrasses America but has immediate human consequences.

But it signifies something more, I think. This is an administration that bristles with talk about the cruelties of Communism. When it comes to invective about the Soviet Union and its friends, few can beat Jean Kirkpatrick or Alexander Haig. But the same administration has shown itself in many ways insensitive to human suffering.

Again and again the Reagan people have tried to undo American efforts to alleviate the cruelties of rightist tyrannies. It fiercely resisted congressional moves to maintain human rights conditions on aid to the murderous governments of Guatemala and Argentina. It has said nothing audible about the Turkish military government's demand for the death penalty against 52 trade union leaders. The glaring two-faced posture on Ethiopia adds a cynical note to Reagan's New Year message to the world that "our hearts go out to those who suffer oppression."

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Warring For Trade In 1982?

By Stanley Karnow

WASHINGTON — The danger of nuclear conflagration may grab the headlines, but a less dramatic conflict also threatens the world. As the recession deepens, the prospects for a nasty international trade war are growing; an alarming pace.

And while arms control negotiators can at least perceive the outlines of a conflict that may avert an atomic holocaust, the experts seem unable to devise fresh formulas to head off a commercial crisis. Instead, nations almost everywhere, their economies in trouble, are seeking to erect barriers of one sort or another to defend themselves. The impact of the protectionist trend could be devastating.

For one thing, it penalizes consumers by compelling them to forgo cheaper and often higher quality imports in favor of protective homemade merchandise. By dampening competition, it also keeps alive marginal and inefficient industries that deserve to die.

Above all, it triggers a cycle of reprisals. Countries whose exports abroad are blocked will naturally retaliate by closing their doors to imports — with everyone suffering as a consequence.

That is what happened with vengeance in the Depression of the 1930s, when nations built tariff walls to defend their industries. The result was a worldwide depression as the worldwide exchange of goods ground to a halt.

After World War II, the General Agreement on Tariffs and Trade (GATT) came into force, its purpose being to promote the international movement of products with as few restrictions as possible. But the GATT was designed in the days when the United States, the most powerful member, was committed to unqualified free trade. Now, under the pressure of rising unemployment and sluggish growth, that American commitment is eroding.

The American steel industry, for example, may file unfair trade complaints against its European rivals for dumping. The Japanese have been persuaded to accept "voluntary" limitations on automobile exports to America.

Western Europe has moved to curb imports from Japan as well as from South Korea, Taiwan and Singapore, which have been moving into the field of technology. The Japanese have a baffling network of obstacles aimed at keeping foreign goods out of Japan.

Altogether, according to a Harvard research team, various U.S. trade barriers cost American consumers about \$15 billion a year in higher prices. A tariff of nearly 30 percent on imported clothing, for instance, puts an additional burden of \$2.7 billion a year on the American public.

Losers All

Of course, the barriers protect American workers, whose jobs would be menaced by unrestricted foreign imports. But the cost of protecting each job in the antiquated U.S. textile industry is \$81,000 a year.

So consumers subsidize industries unable to compete — a practice that scarcely conforms with rhetoric that many might reject on the principles of free enterprise. The GATT signatories have held seven major meetings since 1947 in an effort to overcome international trade problems, and the time may be at hand for another "round," as the lengthy sessions are called. But governments must weigh the options open to them before they embark on new talks.

They can insist on observing the agreements strictly by supporting free and competitive trade, an alternative that many might reject under present conditions. Or they can lean on the GATT provision that permits temporary tariffs when their domestic industries are in jeopardy.

Yet another possibility is the one adopted by the French, which was simply to ignore the accords, as they did not long ago when they decreed that Japanese car imports into France would not exceed 3 percent of the market.

The fourth option is to resort to ambiguity by leaning on exporting nations for "voluntary" restraints. This device has been used by Washington to curtail Japanese automobile exports to America. But the United States and other industrial nations cannot deny their markets to rivals, either through voluntary or mandatory means, without courting the risk of having foreign markets denied them in return.

This dilemma is becoming increasingly complicated as more and more countries slide into the ranks of sophisticated industrial producers. It is hard to imagine that Japan was classified as a "developing" nation when it joined GATT nearly 30 years ago.

A recent opinion poll shows that 72 percent of the American public favors measures to protect U.S. industry against foreign competition. It could be, though, that the public in its concern for jobs is neglecting the bigger dangers of a trade war in which there will be no winners.

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A Chinese Film on Red Guards Lets Audience Choose Ending

By Christopher S. Wren
New York Times Service

PEKING — Though it opens on a peaceful residential lane, the bittersweet love story is no prosaic romance. The boy meets and loses his girl against the violent backdrop of China's Great Proletarian Cultural Revolution, which brutalizes them in turn and shatters their future.

The film from Shanghai, "Xiao Jie" or "The Small Street," has touched the emotions of Chinese who lived through that turbulent decade from 1966 to 1976. They are packing Peking's movie houses to laugh, cry and argue among themselves about how the love story should end, for the audience is invited to choose which of three possible endings seems most realistic.

Several previous films, such as "Tales of Heaven Cloud Mountain" and "The Maple Tree," also dealt with individual suffering in the Cultural Revolution, which plunged China into virtual anarchy. But "The Small Street" appears likely to become the definitive treatment, because its believable poignancy concludes on a glimmer of hope, the sort that the authorities want to encourage.

Withheld From Release

Another film on the period, "Unrequited Love," has been withheld from public release. It told the story of an overseas Chinese who came home during the Cultural Revolution and was hounded by Maoist radicals to his death, with his final erratic footprints leaving a question mark in the snow.

Bai Hui, the screenwriter, became the target of a campaign last spring against writers who criticize the Communist Party for its behavior in those years. Bai has since apologized.

"Unrequited Love" was too negative, it ended on a note of total hopelessness," said a Chinese official who has seen both films. "The difference is that 'The Small Street' offers some hope."

Although the release of "The Small Street" was also delayed by some lesser ideological objections, according to a Chinese film critic, its director, Yang Yunnan, sidestepped any reference to the party and concentrated on "an ordinary young man and woman who seek genuine beauty under adverse circumstances," as he explained in an interview with a Peking newspaper.

Imaginative Techniques

Yet the painful truth is conveyed through imaginative techniques rare in Chinese film. Tattered Maoist wall posters deface old buildings. Romantic scenes in color are interrupted by jarring flashbacks in sepia or black and white. When Red Guards batter the young man blind, the camera cuts from his bleeding face to the red armbands of his assailants and the gaunt vultures in a nearby zoo.

Such symbolism is not lost on Chinese audiences, judging by a matinee at the Hong Xing (Red Star) cinema here recently. But "The Small Street" is still a love story, though the heroine, played by Zhang Ye, gets only a casual on-camera hug from her boyfriend, played by Guo Kaimin, and insists on calling him "elder brother."

The hero, a happy-go-lucky auto mechanic, mistakes her at first for a young boy, because she has cut her hair and concealed her part figure by binding her breasts with cloth and wearing men's clothing. "It would be nice to have a younger brother like you," he tells her as they practice doing cartwheels. The audience chuckles, aware that the 24-year-old Zhang was voted China's most popular young actress in a magazine poll in 1980.

Later she confides that she has disguised herself

to escape new humiliation. Her cancer-ridden mother was dismissed from her job as a music teacher and accused of bourgeois decadence. As the daughter, the girl had her long, lustrous hair hacked off by jeering Red Guards. When she ventured out to sell the family violin to buy food, bullies yanked off the straw hat hiding her mangled hair.

Moved by her ordeal, her boyfriend tries to buy her a wig, but beauty is no longer permitted, and the surly shop clerk informs him that wigs can be sold only to theatrical performers. Passing an outdoor opera performance, he covets the false pigtail worn by one of the singers and sneaks backstage to steal it.

He pauses with remorse and returns to leave some money, only to be caught by Red Guards. They drag him onto the stage and publicly kick and lash him in the face with a belt, injuring his eyes.

Parade of Victims

As he gropes his way back from the hospital, his face covered by bandages, he must give way to more Red Guards who are parading other humiliated victims. The film flashes back to old news footage of Communist troops advancing in the civil war, and the young man asks himself: "So many martyrs opened the path by shedding their blood. Must we close it again by shedding more blood?"

He finally reaches the small street to learn that the girl and her mother have been evicted and their home sealed up, a common punishment for those running afoul of the Cultural Revolution. No one will say where they have gone.

The young man relates this to a producer who he hopes will tell his story in a film. "But you can't let audiences see it without an ending," the sympathetic producer says.

The storyteller rejects the suggestion that the girl has died as one of the Cultural Revolution's victims, though he assumes that her mother has. So the producer offers three possible conclusions, saying, "Let the audience imagine the ending themselves according to their own experiences."

The Three Endings

In the first ending, the young man, his sight restored, drives a taxi and, dispatched to pick up some all-night revelers, discovers his pristine love smoking, drinking and dancing to decadent Western music. "No one needs us anymore; our generation has become superfluous," she tells him bitterly.

In the second ending, she has become a successful musician in a well-tailored suit and is now a friend of the producer. "The 10 disastrous years took away your youth," she says. "Listen to me, let's go home."

In the third, she is a simple factory worker whom he meets on a train while going home to see his mother, though his eyes are too weak to recognize her. "I've been looking for you all along," she tells him, and, in a sentimental touch that tugs at the hearts of family-conscious Chinese, announces that she will go to see his mother too.

"Let's shed no more tears," he tells her. "We have withstood it all and we have grown up. We are seeing not the end but a new beginning."

At the Red Star cinema, moviegoers seemed to prefer the third ending. "I really liked it," said a pink-jacketed teen-ager who wept unashamedly through much of the movie.

A middle-aged worker sat silently with his wife after the lights went on. What had he liked best? "The substance," he replied quietly.

Urban Lights Worry Palomar Astronomers

By Allan Kramer

MOUNT PALOMAR, Calif. — The usefulness of Palomar Observatory, home of the world's most famous telescope, is being threatened by light pollution from Southern California's growing urban sprawl.

Ironically, the threat comes at a time when new technology and improvements have made the giant 200-inch telescope at Palomar an even more powerful tool for space research. The telescope has probed farther into space than any other telescope in the world. Since it began searching the sky more than 30 years ago, it has taken astronomers on a journey to the very edge of the universe to view what no man had ever seen before.

But the growing brightness of the night sky is hampering astronomers atop Mount Palomar, 65 miles northeast of San Diego, in their search for the faintest and most distant objects in the universe.

"In order to see the faintest objects in the sky we must now look away from either Los Angeles or San Diego," said Gerry Neugebauer, director of the observatory.

Light Pollution

It is this same kind of light pollution that has greatly reduced the use of the Mount Wilson Observatory, near Los Angeles, whose 100-inch telescope was credited with revolutionizing 20th-century astronomy.

Officials of Palomar and the California Institute of Technology, which operates the observatory, have come up with a three-point program to cut down light pollution. One point calls for keeping within a 30-mile, and still relatively undeveloped, radius of the observatory to a minimum.

Another step is to have all the outdoor lighting pointed toward the ground or shaded so it does not shine into the sky. Coupled with this is a request that much advertising and other nonessential outdoor lighting be turned off by midnight.

The third step is encouraging the use of low-sodium vapor bulbs for street lighting. This is vital because astronomers are able to filter out light emitted by low-sodium bulbs, something they cannot do with light from mercury vapor or incandescent lamps used for street lighting.

Woman Mayor in Houston

HOUSTON — Kathy Whitmire, 35, has been sworn in as the first woman mayor of Houston, Tex. A Democrat, she was elected by a large majority in November.

Neugebauer and Robert J. Brucato, assistant director of Palomar, point out that light-pollution control in San Jose, Calif., near Lick Observatory, and Tucson, Ariz., near Kitt Peak National Observatory, has gone a long way toward solving problems for those two observatories.

Palomar was first scouted as an observatory site in the 1890s. The scientist who made the survey came to San Diego by train, took a stage to the Warner Ranch in East County and rented a horse for a hard ride to the mountain. He reported the astronomical conditions at Mount Palomar were excellent but that it was far too remote to be a practical site.

When the 20th century brought more development and better transportation to the area, Mount Palomar was selected as the site for the biggest telescope ever built. It was at Palomar that the fundamental discovery of quasars (short for quasi-stellar radio source) took place, a discovery that has confounded scientists with dozens of baffling questions.

Palomar was also the scene of fundamental research into another mysterious space phenomenon known as the gravitational lens. And the observatory has also done much work concerned with the formation of stars.

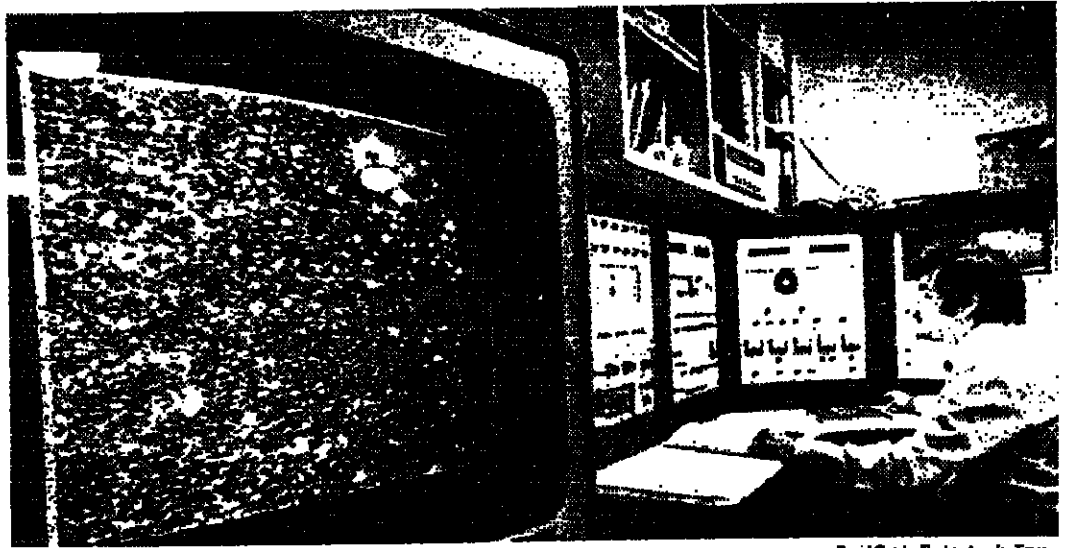
Some of the advanced projects now going on at Palomar include investigation of the faintest objects that can be detected by the improved equipment now being used with the 200-inch telescope. Another program has the observatory studying energy distribution in quasi-stellar formations in cooperation with the International Ultraviolet Explorer satellite.

Still another project concerns the gravitational lens. When a galaxy comes between the earth and a quasar, the galaxy serves as a lens that provides two or three images of the quasar. By studying these images, astronomers hope to learn more about the size of the universe.

New Technology

Much of Palomar's ability to conduct this kind of research is the result of new technology added to the 200-inch telescope. "The telescope itself is no antique," Neugebauer said. "From a mechanical engineering standpoint it is still as good as it ever was. If you wanted to build a new telescope you would look for the blueprints and try and duplicate it."

Such a duplication might be prohibitively expensive, however. The entire Mount Palomar project, begun in 1935, cost \$6.5 million. Most experts believe it could not be duplicated today for 10 times that.



Bob Thickstem works Mt. Palomar's 200-inch telescope as television screen displays view from it.

Woman Heads Paris Metro Police

By Carolyn Lesh

PARIS — Nadine Joly's life story is the stuff of which television police series are made. At 28, she is bright, witty, attractive, an expert marksman and the top woman cop in France.

She wears no uniform and has never had to use the gun she carries. It is in conservative business clothes and armed with a law degree that she executes her duties as the No. 1 opponent to the criminals who lurk beneath the streets of Paris.

Since November, Commissaire Joly has headed security operations for the Paris Metro, which carries 4 million passengers a day along with an untold number of pickpockets and petty criminals.

Metro Crime Increase

From her office, wedged in between a Metro line and the Seine, Joly directs a staff of 430 administrators and patrolmen who are out to stop the rising Metro crime rate. All but two of her subordinates are men.

"The first reaction of most of the men was just to observe me to see if I was competent," she said during a recent interview. "I really can't say we've had any problems because of my being a woman."

The rarity of the situation, however, has not escaped Joly's sense of humor. A recruiting poster she placed on her office door shows two virile cops and a German shepherd in a woody outdoor scene with the caption: "The National Police — A Man's Job." "That's not true anymore," she said. "It's an old poster." But not that old.

Women Admitted

Until 1975, women were not admitted to the Ecole Nationale Supérieure de Police, France's prestigious two-year police academy, which graduates only about 100 police commanders a year. It is from their ranks that the police leaders of France generally emerge.

On the other side of the French police hierarchy are the *gardiens de la paix*, uniformed patrolmen who were without female colleagues in their training programs until four years ago. There are less than 150 women among France's 80,000 uniformed policemen. Among the nation's 1,800 police commanders, 43 are women.

It was only by chance that Joly applied for admission to the police academy's class of 1977. "I had just finished my master's in law and I saw a notice at school that applications were being accepted for the Ecole Nationale Supérieure de Police," she spokeswoman recalled. "The timing just seemed

right. It was the first time I ever thought about entering the police profession."

The daughter of a winegrower from the Champagne region, Joly and about 200 other women applied. Eight women and 102 men were admitted.

"I've never belonged to any Women's Liberation movement. I find them rather extremist," she said. "But feminists have made positive contributions. I might have found it impossible to enter the Ecole Nationale when I did if the women's movement hadn't been around."

Head of Security

After her graduation from the academy, Joly went to work in the administrative sections of various police districts in Paris. She was the deputy to a district chief when she was appointed head of security for the 353-station subway system.

"Crime on the Metro has been on the rise in the past few years," Joly said. "The worst problem is with robberies." She pointed to charts behind her desk that showed that in September, there were 259 robberies — a 72 percent

increase on the year before and a whopping 123 percent higher than the September rate two years ago.

"To fight the increase, we've beefed up police patrols in the Metro during the hours when the highest proportion of crimes are committed," she said. "We're also trying to get the public to cooperate more when a crime's been committed, but you know there are a lot of people out there who don't want to get involved."

There were 803 violent crimes in the Paris Metro last year. By comparison, the New York subway system, which handles about 3 million passengers a day, recorded 13,675 major crimes, including 20 murders, last year, New York Transit Authority officials say.

"We rarely have a murder on the Metro," Joly said. "It's never been more than three or four a year. Perhaps it's because we have gun-control laws in France."

An expert marksman, Joly said she sometimes likes to take a breather from her work day by sharpening her skills with a bit of target practice. "It's amazing how much stress you can work off with an hour of shooting," she said.

West German Wine Fetches A Record Price at Auction

By Colin Narbrough

MAINZ, West Germany — The prince of Prussia, great-grandson of Kaiser Wilhelm II, recently set the world record for a price tag on a white wine, German or otherwise, at the estate winegrowers' annual auction here.

A bottle of 1911 Erbacher Markobrunn Riesling from the prince's Rhineland Schloss Reinhartshausen vineyard fetched 11,000 marks (\$5,000). The previous record was 7,200 marks, paid three years ago for a Mosel.

Count Erwein Matschka-Greifendau, chairman of the estate winegrowers' association, regards the prices German wines command nowadays as a tardy but welcome recognition of their quality. Aged French Bordeaux have by contrast auctioned for fabulous sums for years.

"The belief is still widely held that white wines do not keep. But, not long ago, I demonstrated to French wine experts in Paris that Rhine wines from the last century are still perfectly drinkable and even retain an excellent bouquet," the count said. He underlined the point by selling a bottle of his more ordinary vintage 1862 wine for 4,100 marks.

"What is offered at our auctions are not normal, commercial wines, but highly sophisticated products that cannot possibly be made economically, or in large amounts," he said.

Bought to Drink

Surprisingly, these rare and costly wines are not merely collected as museum pieces. Many are bought to be drunk. The restaurant-owner from Essen who bought the world's top priced white wine plans to celebrate his 60th birthday with it.

The second highest price at this year's auction — 5,100 marks — was given for a 1925 Riesling from the estate of Albert Bürklin-Wolf, just ahead of H. Thanisch's Bernkasteler Doktor Mosel.

Paul Alfons von Metternich-Winneburg was one of the titled winegrowers among the "also rans," with a relatively cheap wine from his Schloss Johannisberg vineyard. The estate was a gift from the imperial Hapsburg family to his ancestor, Prince Metternich, for setting up the Congress of Vienna at the beginning of the last century. The Hapsburgs set the condition that they get a tenth of the produce. But their descendants today prefer to take it in cash, not bottles.

Budget Cuts Endanger W. German Canal Plan

By Colin Narbrough

BONN — The linking of the Rhine and the Danube rivers, a project started in the 1950s, faces an uncertain future because of government funding cuts and opposition from environmentalists.

The plan, dating from the 1920s, is to connect the upper reaches of the Main, a Rhine tributary, to the Danube just above Regensburg. Only 22-mile (36-kilometer) length of the 105-mile canal remains to be built.

West German Transport Minister Volker Hauff, a declared supporter of the railways, has called the canal "the most stupid project since the Tower of Babel."

Other opponents warn that completion of the waterway will cause ecological disaster in the Altmühl Valley, one of West Germany's few areas of unspoiled countryside.

A total of 1.8 billion Deutsche marks (\$800 million) has been spent since work started in the mid-1960s. Finishing the canal will cost about 1 billion Deutsche marks at current prices, but the government, seeking funding cuts in all areas, has voted only 100 million Deutsche marks for the coming year.

The canal would link the vast waterway networks of the Rhine and Danube river basins and allow 1,400 ton barges, the standard European canal vessels, to travel between the North Sea and the Black Sea.

Fears that the canal would open the Rhine and West European waterways to an influx of cut-rate barge operators from Soviet-bloc countries along the Danube appear unfounded.

Kurt Gosen, a spokesman for the German Inland Shipping Association, sees no real problem in restricting the operations of East European vessels.

"International treaties regulate the use of the Rhine and the Danube, but legal experts are convinced that access to the connecting waterway can be limited by German law," he said.

Viability Doubt

The Bonn government's opposition to the canal stems from its commitment to a transport policy that gives railroads top priority and its desire to cut public spending. It provides two-thirds of the funds for the project.

Furthermore, Chancellor Helmut Schmidt's left-liberal Cabinet seeks at all cost to avoid new clashes with environmentalists.

The coalition is already engaged in damaging clashes with ecologists over nuclear power and the construction of an additional runway at Frankfurt airport.

Transport Ministry predictions indicate that traffic levels on the canal would be much lower than earlier forecasts, throwing the

canal's commercial viability into doubt. But the inland shipping industry is less pessimistic and believes that it is impossible to forecast waterway use while the project is threatened with being cut.

The landlocked federal state of Bavaria, through which the canal would run, is the canal's staunchest defender.

Deadline Abandoned

Franz Josef Strauss, the Bavarian state premier, one of Chancellor Schmidt's closest critics, has repeatedly attacked the federal government's growing reluctance and reminded it of its formal accord with Bavaria to construct the canal.

The company building the canal argues that it would be senseless to call off the project now because of the huge investment made on it.

The original 1985 deadline was abandoned long ago. Few people involved in the scheme are prepared to forecast when, or if, the two rivers will be coupled. But Toni Mayer, leader of an anti-canal group, anticipates holding it up well into the next century.

Advocates of the canal emphasize that, besides improving West Germany's infrastructure, it would generate electricity and feed spillover water from the Danube to drought-prone regions.

King Ludwig I of Bavaria built a narrow Danube-Main canal in the last century, only to see it overtaken by the railroad. Remnants can still be seen alongside the new 55-meter-wide canal.

Archbishop Lists Salvador Deaths

The Associated Press

SAN SALVADOR — Arturo Rivera y Damas, acting archbishop of the Roman Catholic Church here, has said that there were 11,723 deaths from political strife in El Salvador in the first 11 months of 1981.

He added in his weekly homily on Sunday that the majority of the victims were non-combatant peasants. Archbishop Rivera y Damas said that he based his figure on reports from the archbishopric of San Salvador, the Red Cross and the Human Rights Commission.

Church and human rights groups estimate that about 35,000 people have been killed in fighting since an October, 1979, coup installed the current U.S.-supported junta.

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HIGH AND DRY — Tewkesbury Abbey in central England stands on a hill surrounded by floodwaters of the Severn River. Thousands of acres have been inundated by rains and melting snow and ice. The most seriously affected regions are in the counties of Yorkshire and Cumbria.

After Steady Falls, TB Rate in U.S. Rises Sharply; Immigration Blamed

By Jay Mathews

LOS ANGELES — A huge influx of immigrants from Asia and Latin America has sharply increased the tuberculosis rate here and in other cities, a change so drastic it has reversed what was a steady decline in tuberculosis cases nationally.

In addition, health workers say, cuts in health budgets and stiff registration rules have discouraged immigrants from seeking treatment for the disease, greatly increasing their chances of exposing other people.

Rose Schlichter, program director for the American Lung Association office here, said Los Angeles County will report about 2,000 new cases for 1981, a 30-percent increase over 1980. "We have not seen figures like this in two decades," she said.

"The national steady decline in tuberculosis cases has stopped," said Dr. Laurence Farer, tuberculosis control director for the Center for Disease Control in Atlanta. He estimated that 1981 cases would total more than 28,000, a slight increase over 1980, despite a steady decline in the sections of the American-born population.

Tuberculosis rates have also risen in other cities with large numbers of immigrants, such as San Francisco. In the Washington area, public health nurses in Arlington County report that they monitored 84 percent more cases of tuberculosis in 1981 than 1980

because of the heavy inflow of immigrants.

About 7 percent of tuberculosis cases in the United States occur among new immigrants, Dr. Farer said — a much higher percentage than their proportion of the population. "These are people coming from countries who have low living standards and poor health conditions," he said. Perhaps 6 percent of all Americans, 10 million to 15 million people, are infected with the tuberculosis bacterium. Few of those ever contract the disease, but the percentage of immigrants with the bacterium is much higher, as much as 50 percent in some surveys, he said.

The danger of immigrants spreading the disease has increased because of cuts in health services and fear of deportation among illegal immigrants, Miss Schlichter and Dr. Farer said. The names of any persons applying for state assistance to pay for treatment at public health clinics in Los Angeles are sent to immigration officials, "so it scares the hell out of

Russia Hit by Cold Wave

The Associated Press

MOSCOW — Arctic air has swept into the northern half of the Soviet Union, dropping temperatures to minus 26 degrees Celsius (minus 15 degrees Fahrenheit) in Moscow on Sunday. Readings rose slightly to minus 23 degrees Celsius (minus 9 degrees Fahrenheit) at noon Monday. The cold wave was the first of the season after an unusually mild December.

Tables include the nationwide prices up to the closing on Wall Street

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(Continued on Page S7)

Mild Decline in Dollar Likely in '82

By Paul Lewis

PARIS — The dollar is likely to continue its recent slow decline against other major currencies during 1982, but will still remain high by historic standards, bankers and economists agree.

They also believe that 1982 may lay the foundations for a major decline in the dollar's value if, as some forecasters expect, the United States begins to record large international payments deficits while West Germany and Japan resume posting their traditional surpluses.

Whether this drop develops depends on several unknowns, including the depth of the economic slowdown in the United States, events in Poland and whether U.S. interest rates turn sharply higher again as the economy recovers.

Between October, 1980, and last August, the dollar rose almost 10 years of steady decline in value against other major currencies, rising some 30 percent against the Deutsche mark and by 13 percent against the Japanese yen, according to calculations by the Morgan Guaranty Trust.

"Limited Decline"

Since then, a partial unwinding of the factors behind this swift ascent has caused the dollar to lose about a third of its earlier gains, falling some 11 percent against the mark and the yen, as U.S. interest rates declined and West Germany eliminated its payments deficit.

The dollar will tend to weaken some more over the year, but it will be a very limited decline, said Ulrich Schröder, chief economist at the Westdeutsche Landesbank in Düsseldorf.

A December poll of 14 leading West German, Japanese and U.S. banks by Financial Report, a banking newsletter published by

Dollar Recovers; Gold Below \$400

From Agency Dispatches

LONDON — The dollar recovered Monday in trading in Europe and New York from early lows after falling sharply against the yen in Tokyo in the first session of 1982.

However, a bearish attitude towards bullion sent the price of gold tumbling to \$393.50 an ounce in Zurich and \$395.50 in London, down from an \$400.50 opening in both centers, unchanged from Thursday's close. Markets were closed Friday for the New Year's holiday.

In Tokyo, selling pressure started coming from Hong Kong and Singapore, and European interests joined the sellers in late trading as the dollar dropped to close at 217.80 yen from its 219.80 opening and the 220.25 finish Thursday, the last session of 1981.

The dollar's softness continued in early European trading in anticipation of lower U.S. interest rates. But as the day progressed, the dollar recovered from early lows, aided by a firmer federal funds rate and a demand for the currency by Chicago's International Monetary Market, dealers said.

The Economist magazine in London, showed general agreement that the dollar is likely to slip a little lower by midyear. The average dollar exchange rates forecast for mid-1982 were: marks, 2.09; French francs, 5.56; Swiss francs, 1.80, and yen, 211.

The principal reasons given are the likelihood that U.S. interest rates still have further to fall, signs that the United States is heading into a balance-of-payments deficit and the strengthening in the current account position of West Germany and Japan.

Deficit Concerns

Yet forecasters agree that all of these depressive influences on the dollar are limited. While U.S. rates may fall further this year, they are likely to remain almost as attractive compared with those available on other major currencies, as they were last year. Japanese rates are already far lower than in other industrial countries, and, as West Germany's payments position improves, the central bank will be

able to reduce rates without endangering the mark.

Moreover, economic recovery in the United States later in the year is likely to bring that renewed tightening of credit so frequently forecast by Henry Kaufman of Salomon Brothers.

And Rimmer de Vries of Morgan Guaranty said, "It is not at all unlikely that interest rate differentials will again move favorably for the dollar during 1982."

Yet the anticipated continuing strength of the dollar, which penalizes U.S. exporters while reducing the cost of imports, threatens in time to bring about a rebirth of the big U.S. current account deficit.

The Organization for Economic Cooperation and Development expects the U.S. current account to reach a surplus of \$10 billion, at annual rates, during the first half of this year before deteriorating rapidly to deficits of \$4.75 billion in the 1982 second half and \$15 billion in the first half of 1983.

Meanwhile, West Germany may move from a \$8-billion deficit in

1980 into surpluses of \$1.75 billion this year and \$3.5 billion, at annual rates, in the first half of 1983.

Such an immense shift in the relative payment positions of the United States and West Germany clearly threatens to place new strains on the mark-dollar rate. Moreover, such strains can only be accentuated by the very large predicted rise in Japan's surplus from \$5.5 billion in 1981 to \$17 billion this year and \$23 billion in the first half of 1983 at an annual rate.

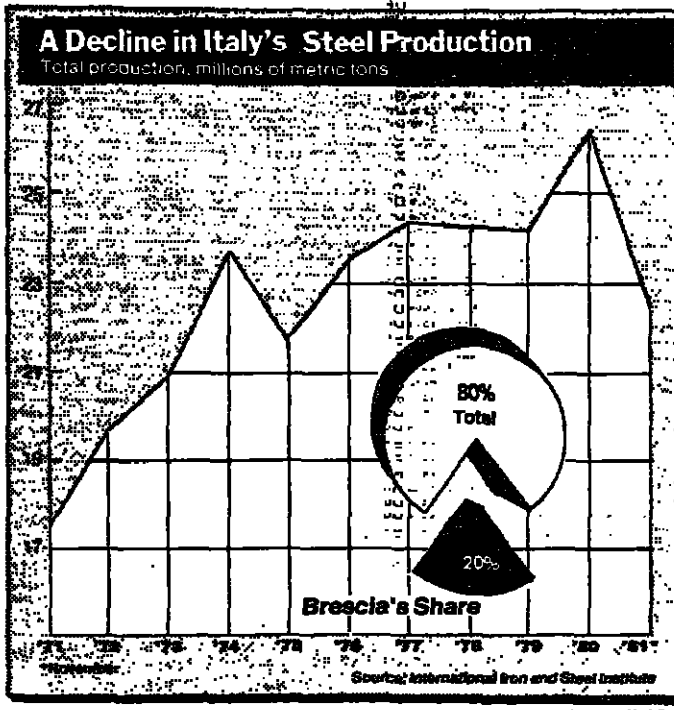
Classical Theory

"The obsession with interest rates is leading people to forget the impact of current-account divergences on exchange rates," warned Brendan Brown at the Amex Bank in London.

Classical economic theory holds that such a big divergence in the current-account positions of the United States, West Germany and Japan should bring about a self-correcting change in exchange rates, with the dollar falling sharply while the Deutsche mark and the yen appreciate.

At a recent OECD meeting of top monetary officials to discuss the West's payment problems, Sylvia Ostry, the organization's chief economist, suggested that so long as the U.S. Federal Reserve keeps its tight money policies and the Federal budget is in deficit, any upturn in the U.S. economy will set off another interest rate explosion, possibly lifting the dollar and pushing the economy back into recession.

The last year has also shown that East-West tension tends to help the dollar by prompting a flow of funds out of Western Europe and into the United States. Thus any further deterioration in the Polish situation could also bring about a strengthening in the dollar.



Steel Crunch Pinches Small Italian Makers

By John Tagliabue

BRESCIA, Italy — The small, mostly family-owned steel mills that surround this northern Italian city have for years been an integral part of the industry and a force in the European steel market.

As Finisider, the money-losing state steel company, slowly trudged along, swallowing billions of dollars in state aid, these backyard mills, called *bresciani*, have prospered through heavy investment in cost-cutting technology.

The heavy days, however, have apparently come to an end for Brescia and its 65 little mills, which account for about one-fifth of Italy's steel production. Many have reported sharply lower profits, and even losses, because of rising prices for scrap iron and the energy for their electric furnaces.

They have also been hurt by producers in India, Brazil, South Korea and South Africa, which have built their own small steel plants. The extra supply from these countries has depressed prices and driven Italy out of some markets.

"Some of the weak will fall," said Luigi Lucchini, owner and president of one of the strongest of the *bresciani*.

Mr. Lucchini himself has been feeling the pinch: His mill's profits plummeted in 1980, to 380.4 million lire from 1.9 billion lire the year before. Sales slipped to 93.4 billion lire from 107.3 billion.

Steel has been a tradition in Brescia ever since the Romans set up smelting the iron ore they found in the region. Iron and steel has also attracted other lucrative industries to the area over the centuries, including the Beretta family, one of Europe's oldest industrial dynasties, which has been using the city's fine steels to manufacture weapons since 1526.

But the network of small mills,

whose success has given buoyancy to the Italian economy over the years, was born after World War II, when the lack of wood and the high cost of other building materials such as finished steel forced Europeans to use reinforced concrete on a large scale to rebuild their bombed-out cities. This caused a huge demand for steel reinforcing bars.

Mr. Lucchini's company produced 100,000 metric tons a year, Commission officials said.

The government aid will be supplemented by a 850 million lire loan from the European Economic Community to help finance Cockerill-Sambre's investment and modernization program.

For its part, the Belgian steel company has agreed to cut its annual production of long steel products by 700,000 metric tons a year, Commission officials said.

Prices Gain on NYSE; Money Supply Rises

NEW YORK — Prices on the New York Stock Exchange closed higher Monday with most of the gains achieved in the last hour due to projections of a flat or slightly lower M-1 money supply, to be released after the close.

But the Federal Reserve reported that the broader definition of the money supply, the M-1-B, rose 1.4 billion in week ending Dec. 23, while the narrower money supply, the M-1-A, increased \$1.7 billion.

The Federal Reserve said it will discontinue reporting the M-1-A measure starting with the figures for the week ending Jan. 6. The M-1-B measure will be renamed M-1 and the M-1-A measure as adjusted for shifts into interest-bearing checking accounts will be discontinued.

Stock trading had been slow throughout most of the day due to investor concern about rising interest rates and the economic outlook. Declines in the money supply could lead to further interest rate declines.

The Dow Jones industrial average, two to three points higher most of the day, accelerated its rally after the close to finish up 7.52 points to 882.52.

Advances led declines, 940 to

EEC Approves Aid To Steel Industry

From Agency Dispatches

BRUSSELS — The EEC Commission has approved new financial aid of up to the equivalent of \$1.32 billion to steel companies in Belgium, France and Italy, the Commission said Monday.

State aid to European steel companies has become a focus of a heated dispute between West Europe and the United States, with Washington attempting to get an agreement with the EEC to curb steel exports to the United States to prevent growing protectionism.

Also, U.S. steel companies have threatened to file dumping suits against several West European companies, charging that the state subsidies allow European steel makers to compete unfairly in the U.S. market.

For Belgium, the Commission approved a government injection of 9.3 billion Belgian francs (\$240 million) to the ailing Cockerill-Sambre steel company as part of the firm's restructuring plan.

The Belgian government will transform 5.2 billion Belgian francs of existing debt into share capital in Cockerill-Sambre and extend a further loan of 4.1 billion Belgian francs at market rates, the Commission said.

The government aid will be supplemented by a 850 million lire loan from the European Economic Community to help finance Cockerill-Sambre's investment and modernization program.

For its part, the Belgian steel company has agreed to cut its annual production of long steel products by 700,000 metric tons a year, Commission officials said.

The EEC is seeking to reduce production in the community to avoid massive price undercutting by steel makers to maintain sales in a shrinking worldwide market.

The EEC action will allow Cockerill-Sambre to cover cash flow problems in the first months of the year, but the Belgian government will need further authorization before going ahead with additional aid under its steel restructuring plan, they said.

However, the Commission said it still has not approved the Belgian government's plan for restructuring the steel industry. It said talks between Belgian and Commission officials are continuing.

For France, the Commission approved emergency loans of 4.43 billion French francs (\$770 million) to Usinor and Sacinor steel companies as emergency aid but imposed tough conditions on the French government, the officials said.

The Commission demanded monthly reports on payments to the companies and on the state of their finances, ruled that no cash can be paid out after June 30 and insisted that the French government start talks on restructuring the steel industry by the end of March, they said.

The Commission also gave the Italian government authority to increase the capital of Finisider, an holding company controlling the largest public steel groups, by 350 billion lire (\$290 million) as the first stage of a restructuring program, the officials said.

Finisider will cut its output as part of the program, they said.

BUSINESS NEWS BRIEFS

James River to Buy American Can Units

Reuters

GREENWICH, Conn. — American Can Co. said Monday that it had tentatively agreed to sell part of its domestic paper businesses to James River Corp., a specialized paper products manufacturer, for cash and stock totaling about \$420 million.

The packaging and consumer products distribution company said the proposed sale includes its Dixie cup and plate, towel and tissue, and folding carton businesses in the United States. The assets have a net book value of about \$335 million.

American Can said it would receive about \$330 million in cash and the remainder in James River common and redeemable preferred stock of a James River affiliate exchangeable into James River common for a total of about 21 percent of the votes represented by the then outstanding James River stock.

Shearson-Amex to Buy Seattle Securities Firm

The Associated Press

NEW YORK — Shearson-American Express Inc. has agreed to acquire F&M Corp., the parent of a Seattle securities firm, in a cash and stock transaction valued at \$76 million, American Express Co. announced Monday.

American Express has offered 1.1 million shares of its common stock, worth about \$48.5 million, and about \$27.5 million in cash for F&M, whose principal subsidiary is Foster & Marshall Inc., a regional investment banking firm, said American Express Treasurer George Sheinberg.

He said American Express hopes to complete the deal, subject to regulatory approval, during the first quarter of this year. The newly acquired business would be named Foster & Marshall-American Express Inc. and would be an autonomous unit of Shearson-American Express.

Firms Get Order for N.Z. Oil Cracking Plant

Reuters

TOKYO — A U.S.-Japanese consortium said Monday that it has won an order worth more than \$900 million to build an oil cracking plant at Wanganui, New Zealand, capable of processing about 50,000 barrels of oil a day.

Badger Co. and Chiyoda Chemical Engineering & Construction Co. will construct the plant for the New Zealand Refining Co., a joint venture established by British Petroleum, Caltech, Mobil and Shell.

Xerox Lowers Sale Prices on Some Copiers

The Associated Press

ROCHESTER, N.Y. — Xerox Corp. said Monday that it cut the U.S. prices of three of its low to mid-volume copying machines an average of 25 percent, effective Jan. 1, and has increased service contract rates for all copiers and duplicators by 2 to 10 percent, effective April 1 or the renewal dates of current contracts.

It said rates for customers who lease copiers remain unchanged. With the moves to encourage purchases rather than leases of its machines, officials said, the company expects to increase revenues from copiers and duplicators by 4 percent in 1982 and to strengthen its position in the low to medium volume part of the business.

IATA Says Member Airlines Could Lose \$1 Billion in '82

By Tony Austin

GENEVA — The International Air Transport Association believes its 113 member airlines could have operating losses of as much as \$1 billion in 1982 unless they control costs and reduce the number of seats available.

In 1981, they lost about \$900 million on scheduled international operations.

The most pessimistic forecast by Geneva-based IATA economists is that members could lose up to \$1.1 billion this year. But they also say airlines could make a profit of \$420 million if the growth in seat capacity is kept to 2 or 3 percent.

"The final figure will probably end up somewhere between these two extremes," IATA spokesman John Brindley says.

Either way, high interest charges mean debt repayments are likely to cost the airlines \$1.6 billion in 1982 compared with \$1.2 billion last year, and they will be looking to profits from hotels and other subsidiaries to make ends meet.

They will also be re-examining fares, especially on the transatlantic routes, and some companies want rises.

The meeting comes three days before a deadline set by the U.S. Civil Aeronautics Board for IATA members to show why they should not lose their immunity from U.S. antitrust laws when they set fares.

The world recession, which caused passenger traffic to fall last year while boosting interest payments on debts, has replaced fuel costs as the industry's main headache.

Mr. Brindley says growth in 1981 was only 3 percent instead of the 4.5 percent originally hoped for. But traffic growth in passengers, freight and mail expressed in tons per kilometer travelled could reach 6 percent in 1982, he says.

In the United States, analysts say little improvement is likely for U.S. carriers before the second half of 1982, after losses in 1981 estimated at \$500 million.

Air France blamed fierce price competition for losses thought to have run as high as the equivalent of \$90 million last year, while British Airways, which put it losses at the equivalent of \$180 million in 1981, predicts losses of \$450 million in the two years to next April.

With many airlines anxious to fill empty seats and raise all possible revenue to meet their debts, discounting is expected to grow to the benefit of tourists, while official fares are raised to the detriment of business travellers with less flexible itineraries.

Japan Ponders Change In Yen's Global Role

By Urban C. Lehner

AP-Dow Jones

TOKYO — As the currency of the non-Communist world's second-largest economic power, the Japanese yen is surprisingly internationalized.

Only one-third of Japan's exports and almost none of its imports currently are paid for in yen. The Euroyen market is growing, but still totals only the equivalent of about \$15 billion, compared with Eurodollar holdings of about \$650 billion. Similarly, the city of Tokyo has lagged behind the development of the Japanese economy in its growth as an international capital market.

In almost every instance, these seeming anomalies can be traced to restrictions imposed by the Japanese government.

Now there is talk of easing some of the restrictions and expanding Japan's international financial role. The feeling is widespread in financial circles that the movement in that direction is inevitable.

How far and how fast Japan will move are still open questions, for the current situation reflects a deeply engrained Japanese preference that important financial decisions be made by bureaucrats rather than by free markets.

Japanese officials say they are studying removing the restrictions preventing Tokyo from serving as an offshore banking center, and they deny impeding the internationalization of the yen.

But the offshore banking center study could take a long time. Kiichi Watanabe, vice minister of finance for international affairs, notes that it is still an informal, preliminary study that does not include members of the Finance Ministry's tax bureau, who are known to be skeptical of the idea.

And some officials say there are some obvious governmental restrictions on the yen's internationalization.

For example, a long list of companies and governments have signed up to float yen-denominated "Samurai" bond issues in Tokyo, but the Finance Ministry, which is always concerned about Japan's balance of payments, allows only one or two such sales each month.

"Any number of offshore borrowers would like to be borrowing yen now to take advantage of Japan's very attractive interest rates, but the Finance Ministry quite strictly regulates this up," said Eric Hayden, a Tokyo-based vice president of Bank of America.

Other restraints are more subtle. For example, a Japanese importer

of crude oil would be able to avoid foreign-exchange risk if he could pay for the oil with yen. And his supplier of oil in the Middle East might want to diversify his assets from dollars to include some yen. So why are almost none of Japan's imports denominated in yen?

Mr. Hayden contends that the reason can be found in the indirect effects of Japanese government regulations.

The Bank of Japan's limits, imposed for money-supply control and bank-regulatory reasons, on how much Japanese banks may lend domestically leave "little incentive for Japanese banks to provide yen-trade financing," he said.

From the oil supplier's point of view, the problem is the lack of attractive yen-denominated investments in which to use any yen they receive, as Japan lacks the range of financial markets common to advanced free economies.

To convert now to a market system would probably mean higher interest rates for the government at a time when it is working to cut expenses. Mr. Watanabe suggested that such a move will not be considered until after the government succeeds in reducing its budget deficits substantially.

Because so many of the restrictions have similar roots, much of the interest focuses on the possibility of creating an offshore banking center in Tokyo.

Many of the 66 foreign banks operating here and some of the

World Bank Rise In Fees Expected

The Associated Press

WASHINGTON — Directors of the World Bank will vote at a closed meeting Tuesday on increasing the fees it charges for loans to poor nations, officials said Monday.

The 21 directors, representing 145 member governments, are expected to agree to the recommendation by A.W. Clausen, the president of the bank.

Officials, who asked not to be named, said a 1-percent fee instead of the present 0.75 percent, will be charged for future loans made for as long as 50 years.

The loans are used for building roads and dams and improving schools and farming. Though the change seems small, it could raise the total cost of a \$100 million loan by a \$1 million over its life. No other interest is paid on such loans.

CURRENCY RATES

Interbank exchange rates for Jan. 4, 1982, excluding bank service charges.

	U.S.	DM	FF	Y	Sw	Sc	NF	SF	DK
Amsterdam	5.452	4.735	109.72	16.26	0.205	—	6.644	137.12	23.29
Brussels (a)	36.08	78.60	17.49	6.70	2.115	15.572	—	21.31	2.919
Frankfurt	2.225	2.289	—	39.46	1.87	—	—	—	35.42
London (b)	1.293	—	4.733	16.53	2.201	4.228	73.253	3.46	14.095
Milan	1.1732	2.2040	34.25	21.10	—	46.54	31.234	66.28	163.85
New York	—	1.2984	0.472	0.1763	N.A.	0.408	N.A.	2.275	N.A.
Paris	23.215	10.53	23.21	—	4.7014	22.917	14.863	216.61	71.65
Zurich	1.793	3.263	79.75	31.25	0.1494	72.728	4.697	—	34.495
ECU	1.494	0.5644	2.452	4.19	1.2044	2.619	41.4758	1.929	7.779

(a) Commercial trans. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

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Banca del Gottardo

Berliner Handels- und Frankfurter Bank

IBJ International Limited

Merrill Lynch International & Co.

The Taiyō Kobe Bank (Luxembourg) S.A.

Wako International (Europe) Ltd.

Yokohama Asia Limited

Dai-ichi Securities Co., Ltd.

Kyowa Bank Nederland N.V.

Mitsui Trust Bank (Europe) S.A.

The Nikko Securities Co., (Europe) Ltd.

Osakaya Securities Co., Ltd.

Sumitomo Finance International

Takagin International Bank (Europe) S.A.

Yamaichi International (Europe) Limited

Daiwa Bank (Capital Management) Ltd.

LTCB International Limited

Mitsubishi Bank (Europe) S.A.

MTBC & Schroder Bank s.a.

Nippon Kangyo Kakumaru (Europe) Limited

Saitama Bank (Europe) S.A.

The Sumitomo Trust Finance (H.K.) Limited

Toyoko Trust Asia Ltd.

Yasuda Trust and Finance (Hong Kong) Limited

Daiwa Europe Limited

Forji International Finance Limited

Mitsui Finance Asia Limited

New Japan Securities Europe Limited

Okasan International (Europe) Limited

Sanyo Securities Co., Ltd.

AMEX Nationwide Trading Closing Prices Jan. 4

Tables include the nationwide prices up to the closing on Wall Street.

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**FOR A
MAXIMUM
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International Herald Tribune
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Turkish Financial Bubble Bursts

By Marvin Howe

New York Times Service

ANKARA — Ismail Mertoglu worked hard as a laborer for eight years in West Germany and Libya, then invested all his savings with a local broker. When the broker failed to pay back either his capital or interest last month, Mr. Mertoglu killed himself.

Thousands of Turks have lost their life savings in a financial fairy tale — an interest rate free-for-all in which the annual rate on time deposits soared to more than 140 percent — that seems to be drawing to a bitter end.

As the government took measures last month to try to restore some order to the financial market, panic spread. Some of the smaller "brokers" — effectively one-man banks who took deposits and made loans — have not been able to cope with the situation and have fled or declared bankruptcy.

According to a recent survey by the independent Istanbul daily Hürriyet, 33 "pirate brokers" from Istanbul and Ankara are on the run, at least 10 are under arrest and four are under police investigation. There are about a thousand brokers in Turkey, but only 80 to 100 are considered trustworthy by Finance Ministry experts, according to the survey.

It began in July, 1980, when the government freed interest rates. The rates, which had been fixed at 12 percent, rose rapidly to 50 percent and more, seeking to keep up with inflation that was running at about 100 percent.

The Turkish middle class — civil servants, retired people, workers from abroad, anyone with savings — rushed to lead their money to the brokers, selling land, cars, wedding rings to take advantage of the high rates.

It is estimated that at least 100,000 people invested a total of more than \$1 billion with brokers, the equivalent of one-third of the money in circulation.

Amid the rush, many enterprising Turks, from teen-agers to taxi drivers and janitors, became brokers overnight.

There are three types of savings accounts available in Turkey. Regular banks offer time deposits and pay interest of 2.6 percent monthly. Established brokers offer 4 to 6 percent, with a regular bank certificate. Other brokers, many inexperienced, offer 8 percent to 12 percent on a promissory note, but without any guarantee.

The general euphoria was somewhat deflated last September when Finance Minister Kaya Erdem declared that only regular banks could issue bank certificates and made it clear that the authorities did not approve of the free-for-all.

Many investors were alarmed, but left their savings with the brokers in the hope of getting as much interest as possible.

Then came daily reports of brokers who vanished or went into bankruptcy. One 22-year-old who had taken in more than \$1 million could not pay her debts and went bankrupt. When a 19-year-old student-turned-broker with 150 clients could not pay the 12-percent interest he had promised, he fled to Italy. His father, a lawyer, announced that he would make good his son's debts.

Finally, late in December, the ministry announced new restrictions on brokers. Anyone acting as a broker would have to have a minimum capital of \$1.5 million and could no longer sell bonds or lend money.

This was the coup de grace. Long lines formed outside many of the smaller brokers' offices as lenders tried to cut their losses.

Many brokers, journalists and others blame Mr. Erdem for the catastrophe. Some say he should have taken firm measures at the beginning and not let the situation get out of hand. Others feel he should not have intervened at all and should have let the market straighten itself out.

Steel Crunch Pinches Small Italian Makers

(Continued from Page 7)

vides a typical example of the growth.

His grandfather operated a water-driven forge in a mountain village north of Brescia, producing tools and utensils from scrap iron for farmers in the area.

Use of Scrap

After the war, Mr. Lucchini's father, like many smiths, began using the forge to make crude reinforcing bars out of such cheap available scrap as war surplus bomb casings, old train rails and, as Italy's cities replaced trolleys with buses, used track.

The companies plowed most of their profits into expansion and modernization, introducing highly efficient electric arc furnaces in the 1950s and continuous-casting equipment in the following decades. The result: small, highly efficient steel works that use scrap, now hauled from West Germany or France because local supplies have dwindled, to produce reinforcing bars at very low cost.

Each company has a relatively small work force of several hundred that is usually treated by managers with paternal care, and often tied to the company's fate through profit-sharing plans. Despite high union membership among workers, there has been surprisingly little of the labor trouble that is Italian industry's major illness.

The bresciani have been able to keep their prices at rock bottom levels by taking advantage of the good labor relations. Some also say they have kept prices low by not paying taxes or by running the businesses day and night.

Though some truth may be mixed with the myth, the mills here have for years been the gadflies of the European steel industry, consistently underbidding the big state-owned steel groups and often defeating the well-meaning intentions of Common Market politicians trying to cure the ills of the continent's steel industry.

And as steel demand waned in Europe, the bresciani sought markets abroad and found them in the Middle East, where they have been shipping products to European construction companies building hospitals, ports and airports in countries such as Iraq or Saudi Arabia.

The bresciani produced 4 million tons of steel in 1980, more than half of it reinforcing bars, exporting about 60 percent of it.

The mills' current problems began to develop in 1980 when the Common Market decided to impose production limits on steel to buoy prices. The complex formula for determining quotas meant that the bresciani were forced to produce about 15 percent less steel than in 1979, driving up costs per ton and squeezing profits.

The causes of the malaise here are many, and the debate over solutions is heated.

The solution at the Alfa company, according to Amato Sabatini,

the 39-year-old son of one of the founders and the company's sales director, has been to specialize in products with a greater added value than the relatively primitive reinforcing bar.

Alfa, whose 500 employees turn out about 30,000 tons of steel a month, has poured 25 billion lire in the past two years into measures to modernize and increase production.

The management at Lucchini says the solution lies in diversification. Lucchini, which also produces about 30,000 tons a month, now makes about 500 different products, including structural steel, specialty steels and alloys.

European Gold Markets

Jan. 4, 1982

	A.M.	P.M.	N.C.
London	299.00	297.00	—
Zurich	297.00	295.00	—
Paris (12.45 info)	297.00	295.00	—

Official statistics for London, Paris and Luxembourg are given and closing prices for Zurich, U.S. dollars per ounce.

Gold Options (prices in \$/oz.)

Price	Feb.	May	Aug.
410	14.00-17.00	—	—
420	14.00-17.00	15.00-16.00	20.00-21.00
430	14.00-17.00	15.00-16.00	20.00-21.00
440	14.00-17.00	15.00-16.00	20.00-21.00
450	14.00-17.00	15.00-16.00	20.00-21.00

Gold 299.50-300.50

Valeurs White Weld S.A.

1, Quai de Mont-Blanc
1201 Geneva 1, Switzerland
Tel. 31 02 51 - Telex 28 305

Japan Ponders Enlarging Role of Yen in World Economy

(Continued from Page 7)

Japanese banks are pushing for such a move, which would only require eliminating interest-rate and reserve requirements controls on such transactions and granting certain tax concessions.

Some bankers are optimistic, but there are difficulties. Aside from the tax-revenue loss, officials worry about the effect of such a move on Japan's relations with Hong Kong and Singapore — each with their own offshore centers — which would offset Japanese competition.

Officials also worry about losing

control over Japan's domestic money supply. Kengo Tatematsu, a senior managing director of Sanwa Bank and a supporter of the offshore-center concept, said that the government must first decide how broad the internationalization of the yen should be.

Conflicting Views

Finally, many officials question the need for such a center. "The Japanese economy is as a matter of reality a production-oriented economy rather than a service oriented economy," said the executive director of the Bank of Japan.

Proponents argue that with growing world protectionism, Japan cannot count on running commodity trade surpluses forever and will someday need the earnings from financial transactions to help fund its purchase of foreign raw materials.

But the Japanese bureaucracy's desire to keep things under its control could ultimately push it toward the offshore center notion.

Bankers in Tokyo said the yen constitutes only about 5 percent of the currency reserves held by other governments, compared to 12 percent for the Deutsche mark and 75

percent for the dollar. But the foreign holdings of yen are growing, and Mr. Watanabe said his personal view is that it is better to have this kind of market located in Japan.

Japan's Foreign Reserves Fall

TOKYO (AP-D) — Japan's official reserves of gold, convertible foreign currencies and special drawing rights fell \$376 million last month from November to \$28.403 billion, the Finance Ministry said Monday. It was the first month-to-month fall since July.

Eurocurrency Interest Rates

Jan. 4, 1982

	Dollar	Deutsche	Swiss	French	Italian	Spanish	Portuguese	Belgian	Irish	Other
1A	13 1/2-14 1/2	10 1/2-11 1/2	9 1/2-10 1/2	15 1/2-16 1/2	13 1/2-14 1/2	12 1/2-13 1/2	11 1/2-12 1/2	10 1/2-11 1/2	9 1/2-10 1/2	8 1/2-9 1/2
2A	13 1/2-14 1/2	10 1/2-11 1/2	9 1/2-10 1/2	15 1/2-16 1/2	13 1/2-14 1/2	12 1/2-13 1/2	11 1/2-12 1/2	10 1/2-11 1/2	9 1/2-10 1/2	8 1/2-9 1/2
3A	13 1/2-14 1/2	10 1/2-11 1/2	9 1/2-10 1/2	15 1/2-16 1/2	13 1/2-14 1/2	12 1/2-13 1/2	11 1/2-12 1/2	10 1/2-11 1/2	9 1/2-10 1/2	8 1/2-9 1/2
4A	14 1/2-15 1/2	11 1/2-12 1/2	10 1/2-11 1/2	16 1/2-17 1/2	14 1/2-15 1/2	13 1/2-14 1/2	12 1/2-13 1/2	11 1/2-12 1/2	10 1/2-11 1/2	9 1/2-10 1/2
5A	14 1/2-15 1/2	11 1/2-12 1/2	10 1/2-11 1/2	16 1/2-17 1/2	14 1/2-15 1/2	13 1/2-14 1/2	12 1/2-13 1/2	11 1/2-12 1/2	10 1/2-11 1/2	9 1/2-10 1/2

Selected Over-the-Counter

NEW YORK (AP-D)		CLOSING PRICES, JAN. 4, 1982	
IBM	110 1/2	IBM	110 1/2
AT&T	109 1/2	AT&T	109 1/2
GE	108 1/2	GE	108 1/2
Westinghouse	107 1/2	Westinghouse	107 1/2
General Electric	106 1/2	General Electric	106 1/2
Rockwell International	105 1/2	Rockwell International	105 1/2
Boeing	104 1/2	Boeing	104 1/2
Lockheed	103 1/2	Lockheed	103 1/2
McDonnell Douglas	102 1/2	McDonnell Douglas	102 1/2
Northrop	101 1/2	Northrop	101 1/2
Grumman	100 1/2	Grumman	100 1/2
Raytheon	99 1/2	Raytheon	99 1/2
Hughes	98 1/2	Hughes	98 1/2
Boeing	97 1/2	Boeing	97 1/2
Lockheed	96 1/2	Lockheed	96 1/2
McDonnell Douglas	95 1/2	McDonnell Douglas	95 1/2
Northrop	94 1/2	Northrop	94 1/2
Grumman	93 1/2	Grumman	93 1/2
Raytheon	92 1/2	Raytheon	92 1/2
Hughes	91 1/2	Hughes	91 1/2
Boeing	90 1/2	Boeing	90 1/2
Lockheed	89 1/2	Lockheed	89 1/2
McDonnell Douglas	88 1/2	McDonnell Douglas	88 1/2
Northrop	87 1/2	Northrop	87 1/2
Grumman	86 1/2	Grumman	86 1/2
Raytheon	85 1/2	Raytheon	85 1/2
Hughes	84 1/2	Hughes	84 1/2
Boeing	83 1/2	Boeing	83 1/2
Lockheed	82 1/2	Lockheed	82 1/2
McDonnell Douglas	81 1/2	McDonnell Douglas	81 1/2
Northrop	80 1/2	Northrop	80 1/2
Grumman	79 1/2	Grumman	79 1/2
Raytheon	78 1/2	Raytheon	78 1/2
Hughes	77 1/2	Hughes	77 1/2
Boeing	76 1/2	Boeing	76 1/2
Lockheed	75 1/2	Lockheed	75 1/2
McDonnell Douglas	74 1/2	McDonnell Douglas	74 1/2
Northrop	73 1/2	Northrop	73 1/2
Grumman	72 1/2	Grumman	72 1/2
Raytheon	71 1/2	Raytheon	71 1/2
Hughes	70 1/2	Hughes	70 1/2
Boeing	69 1/2	Boeing	69 1/2
Lockheed	68 1/2	Lockheed	68 1/2
McDonnell Douglas	67 1/2	McDonnell Douglas	67 1/2
Northrop	66 1/2	Northrop	66 1/2
Grumman	65 1/2	Grumman	65 1/2
Raytheon	64 1/2	Raytheon	64 1/2
Hughes	63 1/2	Hughes	63 1/2
Boeing	62 1/2	Boeing	62 1/2
Lockheed	61 1/2	Lockheed	61 1/2
McDonnell Douglas	60 1/2	McDonnell Douglas	60 1/2
Northrop	59 1/2	Northrop	59 1/2
Grumman	58 1/2	Grumman	58 1/2
Raytheon	57 1/2	Raytheon	57 1/2
Hughes	56 1/2	Hughes	56 1/2
Boeing	55 1/2	Boeing	55 1/2
Lockheed	54 1/2	Lockheed	54 1/2
McDonnell Douglas	53 1/2	McDonnell Douglas	53 1/2
Northrop	52 1/2	Northrop	52 1/2
Grumman	51 1/2	Grumman	51 1/2
Raytheon	50 1/2	Raytheon	50 1/2
Hughes	49 1/2	Hughes	49 1/2
Boeing	48 1/2	Boeing	48 1/2
Lockheed	47 1/2	Lockheed	47 1/2
McDonnell Douglas	46 1/2	McDonnell Douglas	46 1/2
Northrop	45 1/2	Northrop	45 1/2
Grumman	44 1/2	Grumman	44 1/2
Raytheon	43 1/2	Raytheon	43 1/2
Hughes	42 1/2	Hughes	42 1/2
Boeing	41 1/2	Boeing	41 1/2
Lockheed	40 1/2	Lockheed	40 1/2
McDonnell Douglas	39 1/2	McDonnell Douglas	39 1/2
Northrop	38 1/2	Northrop	38 1/2
Grumman	37 1/2	Grumman	37 1/2
Raytheon	36 1/2	Raytheon	36 1/2
Hughes	35 1/2	Hughes	35 1/2
Boeing	34 1/2	Boeing	34 1/2
Lockheed	33 1/2	Lockheed	33 1/2
McDonnell Douglas	32 1/2	McDonnell Douglas	32 1/2
Northrop	31 1/2	Northrop	31 1/2
Grumman	30 1/2	Grumman	30 1/2
Raytheon	29 1/2	Raytheon	29 1/2
Hughes	28 1/2	Hughes	28 1/2
Boeing	27 1/2	Boeing	27 1/2
Lockheed	26 1/2	Lockheed	26 1/2
McDonnell Douglas	25 1/2	McDonnell Douglas	25 1/2
Northrop	24 1/2	Northrop	24 1/2
Grumman	23 1/2	Grumman	23 1/2
Raytheon	22 1/2	Raytheon	22 1/2
Hughes	21 1/2	Hughes	21 1/2
Boeing	20 1/2	Boeing	20 1/2
Lockheed	19 1/2	Lockheed	19 1/2
McDonnell Douglas	18 1/2	McDonnell Douglas	18 1/2
Northrop	17 1/2	Northrop	17 1/2
Grumman	16 1/2	Grumman	16 1/2
Raytheon	15 1/2	Raytheon	15 1/2
Hughes	14 1/2	Hughes	14 1/2
Boeing	13 1/2	Boeing	13 1/2
Lockheed	12 1/2	Lockheed	12 1/2
McDonnell Douglas	11 1/2	McDonnell Douglas	11 1/2
Northrop	10 1/2	Northrop	10 1/2
Grumman	9 1/2	Grumman	9 1/2
Raytheon	8 1/2	Raytheon	8 1/2
Hughes	7 1/2	Hughes	7 1/2
Boeing	6 1/2	Boeing	6 1/2
Lockheed	5 1/2	Lockheed	5 1/2
McDonnell Douglas	4 1/2	McDonnell Douglas	4 1/2
Northrop	3 1/2	Northrop	3 1/2
Grumman	2 1/2	Grumman	2 1/2
Raytheon	1 1/2	Raytheon	1 1/2
Hughes	1/2	Hughes	1/2
Boeing	0 1/2	Boeing	0 1/2
Lockheed	0 1/2	Lockheed	0 1/2
McDonnell Douglas	0 1/2	McDonnell Douglas	0 1/2
Northrop	0 1/2	Northrop	0 1/2
Grumman	0 1/2	Grumman	0 1/2
Raytheon	0 1/2	Raytheon	0 1/2
Hughes	0 1/2	Hughes	0 1/2
Boeing	0 1/2	Boeing	0 1/2
Lockheed	0 1/2	Lockheed	0 1/2
McDonnell Douglas	0 1/2	McDonnell Douglas	0 1/2
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Hughes	0 1/2	Hughes	0 1/2
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Lockheed	0 1/2	Lockheed	0 1/2
McDonnell Douglas	0 1/2	McDonnell Douglas	0 1/2
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Raytheon	0 1/2	Raytheon	0 1/2
Hughes	0 1/2	Hughes	0 1/2
Boeing	0 1/2	Boeing	0 1/2
Lockheed	0 1/2	Lockheed	0 1/2
McDonnell Douglas	0 1/2	McDonnell Douglas	0 1/2
Northrop	0 1/2	Northrop	0 1/2
Grumman	0 1/2	Grumman	0 1/2
Raytheon	0 1/2	Raytheon	0 1/2
Hughes	0 1/2	Hughes	0 1/2
Boeing	0 1/2	Boeing	0 1/2
Lockheed	0 1/2	Lockheed	0 1/2
McDonnell Douglas	0 1/2	McDonnell Douglas	0 1/2
Northrop	0 1/2	Northrop	0 1/2
Grumman	0 1/2	Grumman	0 1/2
Raytheon	0 1/2	Raytheon	0 1/2
Hughes	0 1/2	Hughes	0 1/2
Boeing	0 1/2	Boeing	0 1/2

Blighted Rose Bowl

By Jim Murray

LOS ANGELES — Some guys get to cover Rose Bowl games where guys run the wrong way or an unknown comes off the bench in the darkness to throw four straight passes and score on a team that had never been scored on. Our guys get to see Rocky and the Four Horsemen and Ernie Nevers and all, or they see a play called "K-F-79" that lets an Ivy League team win.

Me, I got Washington and Iowa. It didn't even have the decency to be close.

Oh, it was all right if you're crazy about punts. It wasn't as one-sided as the 28-0 score, but it was almost that boring. Iowa made more mistakes than a guy playing the horses with the bank's money. Colleague Mark Heister put the game in its proper perspective in the third quarter. "It is," he said, "as bad as the box lunch."

The better team won, but that's not saying much. Iowa, which had closed practices, arrived there in the dark. They should have thrown open the practices to the public and kept the game secret.

I thought the most interesting part of the 68th Rose Bowl was that the Iowa coach had a moustache. I've never seen a football coach with a moustache. The way his team played, I don't expect it to start a trend. I don't know where he got his game plan. In a box of Crackerjacks, I'd guess. It's the first time a team got shut out in the Rose Bowl since the players wore high-button shirts. Truman was still in the White House.

I still wish someone had run the wrong way or one of the coaches had been Pop Warner, but one more game like Iowa there in and we may go back to inviting Washington & Jefferson or Harvard. And even though everyone ran the right way, we may come by the saying, "Well, the thing I remember about that game was it was the debut of [running back] Jacques Robinson."

"Nobody'd ever heard of him and he was the guy who, on the practice field, was used to simulate the enemy's plays — imitating a Heisman Trophy runner — and he ran wild against Iowa that day, killed them all by himself."

One for Hotdiggers

The moral of the story? Any guy who can do a successful imitation of Marcus Allen, you better get the football to him. He may yet get to rank with Doyle Nave or the Four Horsemen but, of course, he can never top wrong-way Roy Riegels in my book. I'm still smarting about missing that one.

It was a concessionaire's game. You could go out for a hot dog and not miss much. You could go out for a seven-course meal, if you want to know the truth.

The turning point of the game was probably when Washington showed up, but, apart from that, it came with only a minute to play in the half. Washington was leading, 7-0, and had the ball on the 19-yard-line, second down and 10 to

go. Their quarterback faded to pass and he threw a ball that, when last seen, was heading for the golf course outside.

For reasons best known to himself, Iowa defender Lou King tackled an eligible receiver in the end zone. Even if the man had the ball it would be too late. Washington got the ball on the one-yard line and it only took them three plays to get it in for six points.

"And Then We Kicked Off..."

"Very, very embarrassing," Iowa Coach Hayden Fry admitted later. "We thought we'd win. And then we kicked off..." He added: "We played an extremely poor football game."

The score made it look like a mugging. Coach Fry put the lie to that. "They weren't real sure they could beat us till late. Then they put it to us."

The game was like a fight between two English heavyweights — all defense.

Robinson imitated USC's Marcus Allen so well the Washington coaches couldn't tell the difference. Either Robinson was really Rich Little or he had a lot of ability. They found a place for him in the lineup in the USC game, and he led the team in ground gained even though it was the middle of the third quarter before he got there.

In the final game of the regular season, against Washington State, he put his team in the Rose Bowl with 92 yards on 17 carries.

Part of Robinson's problem was that he didn't know whether he wanted to play basketball, football, baseball — or go out for the Olympics. He can high jump, sprint and dribble, and he broke the Rose Bowl wide open with 142 yards in 20 carries. He scored one touchdown with a 34-yard run, another on a one-yard drive.

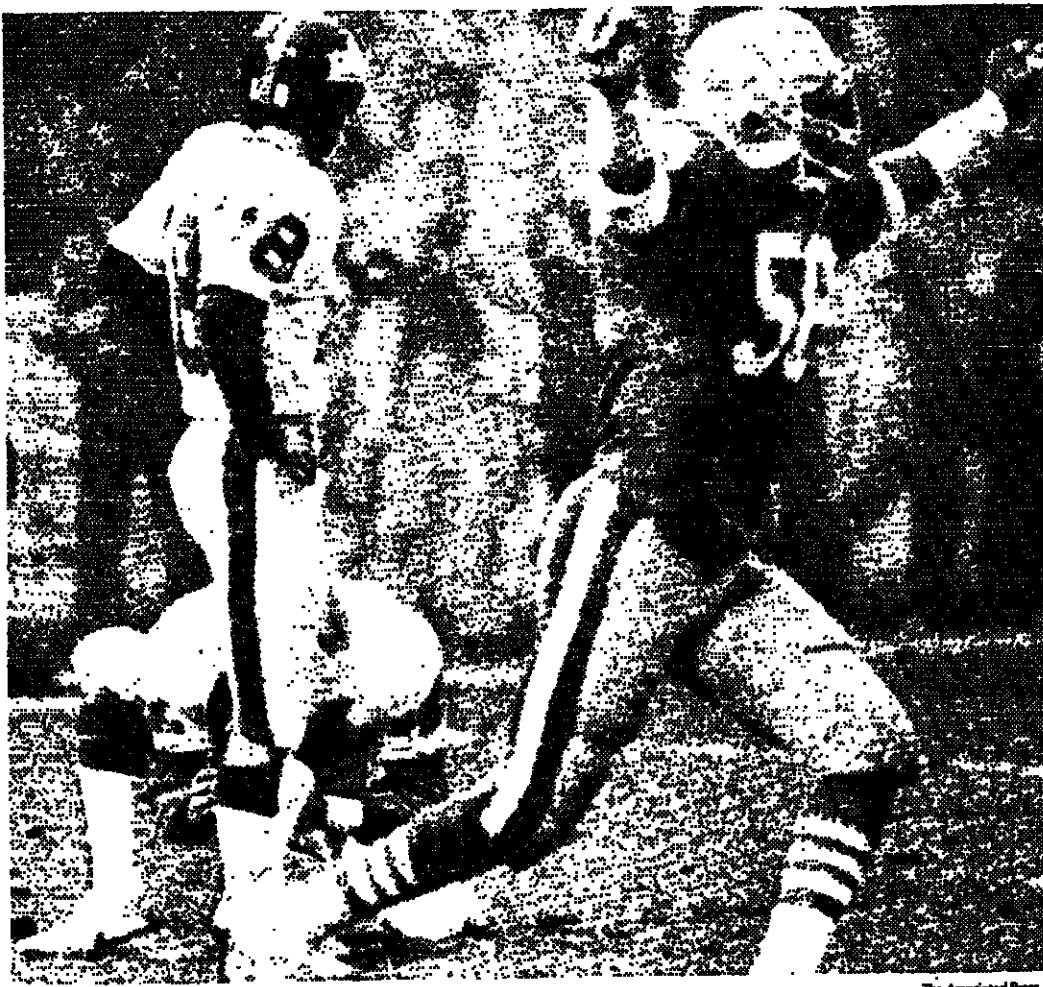
Big Gainer

Curiously, his picture was not included in the pressbook brochure nor in the Rose Bowl brochure. But the pressbook one listed "Jacques Cornelius Robinson, 5'11, 185." The Rose Bowl book listed "Jacques Cornelius Robinson, 5'11, 204 pounds." He didn't grow any taller but life must have been good at the training table.

Fifty years from now, it's doubtful anybody will be sitting around fondly discussing the 1982 Rose Bowl or likening it to the Doyle Nave year or the Vow Boys or the Riegels run, but it may be remembered as a What's-So-Smart-About-Football-Coaches' game.

The player of the game, by unanimous vote, was a freshman who was so slightly regarded he was posing as Marcus Allen on the "scout team" late in the season. A "scout team" is a euphemism for the live tackling dummies who sharpen up the varsity by posing as personnel of a team they will face that week. Less squeamish schools call it the "meat squad."

That was Jacques Cornelius Robinson's role the week before the USC game. A kind of complicated sparring partner.



49er linebacker Keena Turner (58) exulted after Giants' Joe Danelo blew a key field goal Sunday.

Ex-Champ Basilio Still Has Punch

ROCHESTER, N.Y. — No one ever questioned Carmen Basilio's courage. Certainly not anyone who saw the little onion farmer from Canastota, N.Y., beat Sugar Ray Robinson Sept. 23, 1957, in rafters-packed Yankee Stadium for the middleweight boxing championship of the world.

Or when he lost it back to Robinson six months later in Chicago, his left eye swollen shut, looking like a plum, in a 15-round decision. He wept from his good eye.

Or that he was afraid to speak his piece. He told Howard Cosell in the 1950s, when Cosell was a radio reporter, "You can't interview me. I don't like you."

Basilio's sense of humor had 330 diners at a recent banquet of accountants here roaring. "This is our biggest crowd in 10 years," said Bill Nealon, a public relations man for the group. "I'm used to performing before sellout crowds," snapped Basilio, who now works for a Rochester brewery.

"I feel about as out of place on this rostrum as a guy with a hernia in a weightlifting contest," Basilio told his audience.

Elaborating on television's controversial Cosell: "By the way, Cosell and I have become friends. He's said some nice things about me and I try to say nice things about him. But it's tough. He's so full of it."

"Cosell's an attorney, you know," Basilio continued. "He interviews people like he has them on a witness stand. Makes them look like fools. Where you goin' without a sense of humor? Without a sense of humor, you're nothing."

On the serious side, Basilio says today's sagging economy will produce good prizefighters. "You're going to see some good young fighters," Basilio said. "Hunger — for food as well as money — made a lot of great fighters in the old days."

Basilio's comments on some of the game's current names:

Gerry Cooney: "The next heavyweight champ — in March. He'll beat [Larry] Holmes. If he's handled correctly he should make a bundle. He's 6-foot-6, only 24 years old and a good puncher. Holmes is 34 and too heavy."

Sugar Ray Leonard: "Very best of the young crop. He's too quick for the rest of 'em. Never saw a welterweight so fast, so quick. Great eyes and he's smart. I saw him beat [Tommy] Hearns in Vegas. I predicted it. Cosell and all those smart guys thought Hearns was going to get Leonard with his right. Hearns couldn't hit Sugar Ray in the rear end with that right. I told Cosell that and he told me I was senile."

"You saw what happened."

Wilfred Benitez: "He's good. He's smart and he's quick. But something is lacking. Maybe aggressiveness. He'll never lick Leonard in 100 years."

Robert Duran: "Nobody ever paid a fighter two days before he performed. That's what happened when he called it quits against Sugar Ray in New Orleans. Let me tell you in advance. Very suspicious. Duran got his millions in advance. Very suspicious. Let me tell you in advance that the ridiculous. A yellow streak maybe, but never cramps."

Muhammad Ali: "It's an ego thing. They say he needs the money. He's made a hundred million in his career. You mean to tell me he couldn't have saved five?"

Basilio, 54, backed off only slightly when asked to compare today's fighters with those of yesteryear. "That's tough," he said. Any resentment at not having had a shot at today's megabuck purses? "Nah."

Still, Basilio feels he was denied a shot at a huge purse by 1950s standards by Robinson's unwillingness to meet him in a rubber match.

"Robinson ducked me for a third fight," Basilio said. "It was a dumbest thing he ever did. He could have made a quarter of a million bucks in a rematch. But he picked Paul Bender instead. Not only did he make a crummy \$62,000 — he lost the title."

... In 1956.

Carmen Basilio

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49ers Win, Face Dallas Next

By Bob Oates

LOS ANGELES TIMES SERVICE

SAN FRANCISCO — In the second quarter of a tough fight with the New York Giants at Candlestick Park Sunday, quarterback Joe Montana stepped back and threw a bomb to wide receiver Freddie Solomon for a 58-yard touchdown.

"That's the way the San Francisco 49ers play. And it won them a big National Football League playoff game — one that will bring the Dallas-Cowboys here Sunday to decide the National Conference crown and a berth in Super Bowl XVI."

"But because the Giants won at it the same way — three TD strikes by young quarterback Scott Brunner — the 49ers didn't win by all that much. It was 38-24 at the end of a duel in the rain."

"The difference was that we controlled the ball when we had to and moved it most of the afternoon," said 49er Coach Bill Walsh. He was asked about the upcoming confrontation with Dallas. "Dallas?" Walsh mused.

In a subdued locker room, Giant Coach Ray Perkins predicted: "Dallas will win. They're a better team, and they've been in this situation before."

The 49ers have not. But they got some useful pressure experience when New York matched them in first quarter touchdown passes, 7-7. Then, in the 49ers' 17-point second quarter, two breaks, a fumble and an interception enabled them to drive 68 and 41 yards to a 24-10 halftime lead.

But even that was not enough. Back came Brunner with the only touchdown play of the third quarter, another bomb that left the 49ers ahead — nervously — 24-17. And the momentum seemed to change for good when the Giants moved 64 yards to the San Francisco 11-yard line.

There, however, the 49er defense made a turning-point stand — holding back Rob Carpenter to six yards on two runs, rushing Brunner into a third-down incomplete and finally pressuring Giant kicker Joe Danelo into a missed field goal.

At last, the 49ers put it away with two fourth-quarter touchdowns, taking a 38-17 edge before Brunner got the Giants their last, meaningless points.

"We were able to hold our cool in the third quarter," Montana said, "when things weren't going our way. We didn't panic because we knew we had been able to move the ball."

Said San Francisco cornerback Ronnie Lott, who seemed to have the better of it in his rookie-of-the-year debate with New York linebacker Lawrence Taylor: "It was a pleasure to win a physical game — the most physical I've been in as a pro."

Nobody but Perkins voiced certainty that San Francisco will lose to Dallas. Most of the NFL scouts in the press box seemed willing to give the 49ers a chance.

Brunner Demurs

And a poised Brunner said: "The 49ers can beat the Cowboys if they contain Dallas' front four. Montana has become one of the best quarterbacks in the league."

"The 49ers have developed a successful, innovative style that fits you apart."

A view from the defensive side — Bill Currier, the Giants' head-upside safety.

"I'm not sure whether the Cowboys or the 49ers are a more potent team offensively. Dallas is a very impatient team that likes the big play and the quick score. San Francisco uses the pass as a ball-control measure and can run out a lot of time on the clock. They have a very complex offense."

The Giants hung in with the 49ers because Brunner looks like all the quarterbacks anybody needs. Completing 16 of 37 passes for 290 yards, against a pass defense rated among the NFL's best — he threw for touchdowns to Ernest Gilyard (77 yards), Johnny Perkins (77 yards), and Freddie Solomon (58 yards).

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(59 yards) and Perkins again (17 yards).

Montana completed 20 of 31 for 304 yards and threw three big passes, two of them for touchdowns — to Charlie Young (eight yards) and to Solomon.

His other decisive pass went 39 yards to the NFC's leading receiver, Dwight Clark, setting up Ray Werschling's second-quarter field

goal, a tie-breaking 22-yarder that put the 49ers ahead to stay, 10-7.

Three plays in particular said a lot about Montana, his coach, Walsh, and the 49er offense. It is one of the most sophisticated offenses ever.

On the 58-yard scoring pass, Montana's throw went 41 yards to Solomon, who rode it the last 17. It worked for two reasons.

First, Montana made a polished play-action fake handoff to a running back who was heading directly at New York free safety Beasley Reece. Reece was assigned to aid cornerback Terry Jackson in covering Solomon on that play — but the running-play fake momentarily froze him. It also held up Jackson.

Secondly, Montana's long throw came down precisely on target, surprising those who wondered if he could throw it that far that accurately. Said Solomon: "Joe told me, 'If the defender goes for the runner's fake, just keep going.'"

On the 38-yard play (Montana to Clark) leading up to Werschling's field goal, the execution was even more professional, springing Clark into the open on the sideline — a good 10 yards from any Giant. How do Walsh's receivers get so wide open?

The answer, at least on that play, was that against a double defense (each wide receiver was covered by a Giant cornerback and a safety) Walsh sent Clark down the sideline at the same time he sent a 49er back down the middle.

And it was Lott who recovered a Giant outside kickoff when New York was still bidding for a win with 1:30 left to play.

By contrast, Taylor, the Giant candidate for rookie of the year, was heard from only once. He got his only sack when it was second-and-20 for the 49ers and the game was all but over.

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